

NOV. 27
1937

BUSINESS WEEK

BUSINESS
INDICATOR



Acme

BERCHTESGADEN—Hitler's retreat in the Bavarian Alps where, before a roaring grate fire, are being carried on the informal talks with visiting envoys which, more than the discussions at Geneva and Brussels, will determine the future of Europe and the Far East.

McGRAW-HILL
PUBLISHING
COMPANY, INC.

20 CENTS

REPUBLIC STEEL SPEEDS TO VICTORY

in championship racing cars



Because racing fans cry out for speed—more speed—builders of championship racing cars come to Republic for lighter, stronger, safer steels for the vital parts of cars and motors.

Not only in the grueling service of racing cars, but in the coast-to-coast record-holding airplane... in record-breaking motor boats... on the world's tallest buildings... in the world's deepest oil wells... in the largest American-built ocean liners... in the world's longest single suspension bridge span... in the longest gasoline pipe lines... in America's crack streamlined trains... and in every type of industry... Republic steels have set new records for performance—have established confidence in Republic products. Whatever your needs in steel, you, too, can depend upon Republic.

Republic Steel
Corporation

GENERAL OFFICES . . . CLEVELAND, OHIO



NEW BUSINESS

When National Metal Edge Box Co., Philadelphia, wanted to dramatize the strength of its product, its advertising agency, the Levenson Bureau, went down to the Philadelphia Zoo and booked Josephine, the African elephant, to put on a picture act wherein she balanced her huge self on a pile of boxes for U. S. Rubber Co. Subsidiary point to this story is that Philadelphia Zoo is genuinely anxious to cooperate with any outfit wishing to dramatize wild animals in their sales stories. Hippocrates, the hippopotamus, will pose all day to prove a product's toughness, but Anthony, the antelope, suffers from nervousness, must be caught on the jump.

News bobbed up that Frigidaire Division of General Motors was purchasing an additional 22 acres of land in Dayton, O., and this fact seemed to carry implications of even more plant expansion than G.M. has already scheduled. Plant expansion has nothing to do with it; the land was bought to furnish additional parking space for Frigidaire employees.

Speaking before a meeting of Association of National Advertisers on the broad subject of "Making Friends for Industry," Lewis W. Brown, president of Johns-Manville Corp., struck a new note when he said: "Let's forget all this talk about business trying to sell itself. Let's start thinking about selling what business is doing for the other fellow in terms of his own livelihood, his own bread and butter." That, after all, is real social security."

It has been common knowledge that Havana, Ill., is a stamping ground for hunters who like to use it as headquarters for shooting forays on the Illinois and Havana Rivers during the waterfowl season. Along comes the *Express Messenger*, Railway Express Agency's monthly publication, adding the significant fact that Havana River with its tributary lakes ranks second only to the Columbia River in the amount of food fish taken from its waters (2,000,000 lb. or so per year). A considerable poundage is shipped by express to the Atlantic seaboard.

Tomorrow, Nov. 28, will be the 100th anniversary of the birth of John Wes-

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YOU DON'T *pay* FOR TIRES WHEN YOU BUY THEM!



NO matter what the price tag of a tire reads, it never tells you the real cost. All it gives you is the purchase price, which is unimportant.

After the full mileage of a tire is run, then and then only can you know what you have actually paid for that tire. The final cost is the purchase price divided by the mileage.

Recognizing these fundamentals, General Truck Tires have always been built stronger—to do their work better—deliver greater mileage and haul more pay load.

It costs more to build a General Truck Tire because of the way it is built. Thousands of truck operators know it costs less to use Generals because of the way they perform.

Your local General Tire dealer is ready to offer you the benefit of his factory-training and practical truck tire knowledge. He may be able to reduce your tire costs materially.

THE GENERAL TIRE & RUBBER CO.
AKRON, OHIO

In Canada—The General Tire and Rubber Company of Canada, Ltd., Toronto, Ontario



STRONGER All plies are full plies anchored at the bead—no floating "breaker strips"—every inch and every ounce is there for just one purpose—to produce more miles and a lower cost for you.



COOLER They flex uniformly without that heat-producing "hinging action" of ordinary breaker-strip tires. Heat kills the life of cords and cuts down the miles in a tire. Generals are cool—that's why they run more miles at a lower cost for you.



"COMPACT RUBBER" TREADS All tires stretch due to fatigue in the fabric, but Generals, having no idle, half-way plies, stretch least of all. The tread is kept compact and compressed against the road—that's why it produces more miles and reduces your cost.

GENERAL TRUCK TIRES



LITTLE THINGS can make a big difference in our daily lives.

A ride in an elevator is a little thing—yet it can jangle nerves. Or it can be an almost unnoticeable (and not at all unpleasant) moment. The difference is almost invariably a difference in quality of service.

It isn't necessarily elevator age that makes for poor service. The basic machinery of an elevator a dozen or more years old is usually sound. It is control mechanism, more than anything else, that frequently makes an elevator a service cripple. An elevator modernized to Finger-Tip Control gives *modern* service.

Where can (and should) Finger-Tip Control be installed? Almost everywhere. Is it practical (and economical) in modernization of medium-speed machines? Yes. Where is more information available on the subject? At any Otis office.

OTIS FINGER-TIP CONTROL

IF YOU WANT BETTER SERVICE

ley Hyatt, inventor of celluloid, and thus a pioneer in the field of plastics. His revolutionary invention was the direct result of efforts to find a substitute for ivory in billiard balls. Little known is the fact that Hyatt of Celluloid Corp. was the same man as Hyatt of Hyatt Roller Bearing Corp., a division of General Motors.

At least two of San Francisco's hotels are up-and-coming enough to be already tying their sales efforts to the 1939 "Golden Gate Pageant of the Pacific Exposition." Both the Fairmont and the Mark Hopkins Hotels will shortly be telling the world about themselves and the exposition with brochures lithographed in six colors by Crocker-Union of San Francisco.

Most recent entrant in the lists of home heating and air conditioning is Westinghouse Electric & Mfg. Co. Designs of its new lines, both oil- and gas-fired, are based on analyses made by W. H. Stangle, assistant to the manager of refrigerating and air conditioning, which show that homes costing \$5,000-\$7,500 should be potential markets for winter air conditioning, those costing over \$7,500 for year around conditioning. Under present plans a home builder with constricted budget will be able to install a furnace first, then add appurtenances without alterations of the building as enhanced prosperity permits.

Simultaneous celebration in 170 cement mills in 37 states and 5 Canadian provinces marked the completion, on Nov. 24, of 25 years of organized safety work. According to Portland Cement Association, the accident frequency rate has dropped during that period from 97 accidents per million man-hours of work to 4.5 per m.m.h.

On Nov. 29 and 30, when Associated Grocery Manufacturers of America gather at the Waldorf-Astoria, New York, for their 29th annual convention, the members will meet with representatives of retail and wholesale distributors, including chains. It is expected that A.G.M.A. will seek to arouse industry-wide support for enactment in all states of its model unfair trade practices act, which outlaws below-cost selling. This tactic is calculated to relieve pressure for use of "fair trade" laws, which permit resale price-fixing. Motto of the drive will be, "All Must Prosper Fairly."

A new association is American Council of Commercial Laboratories whose members specialize to a considerable degree in industrial fields. First president will be Preston S. Millar, president of Electrical Testing Laboratories, New York.

WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)—President Roosevelt will be engaged in one fight after another from now until final adjournment of the regular session of Congress, probably on the eve, perhaps in the midst, of the Congressional campaign next summer. Most important of these battles will be his effort to prevent Congress from going too far in seeking to relieve the domination which government exerts over business by means of present taxes. But beginning with the farm bill and on down the line there is scarcely a measure in the agenda that does not involve critical defensive warfare on the part of the Administration bent on preserving as much as possible of the social and economic reform objectives of the New Deal.

Shift in Tactics Required

Roosevelt and his Senate and House leaders will face a new problem. For five years the White House has fought an offensive war, reaching its high tide and its first serious reverse on the Supreme Court bill. Now, largely as a result of the business recession, the situation is reversed. Determined to aid business, Congress is on the offensive and the President's forces are driven to a new type of strategy—a type which the history of the relations of Presidents with Congress shows is frequently unsuccessful.

Master Strategist Faces Test

Unexpected fireworks may enliven the situation as the President, a master strategist who realizes the difficulties of the defensive battle, injects new proposals, backed by new appeals to the country over the head of what is obviously a recalcitrant Congress. But on the main issues—farm control, wages-hour regulation, government reorganization, tax reform, relief, regional planning—and on several others the picture is almost invariably the same. The President must fight to hold New Deal "gains" against a practical earthy-minded Congress with its eyes glued to next November's polling places.

Progress by Compromise

The first impasse which held up Roosevelt's legislative program was broken when the farm bill was forced out of committee. But this was accomplished only by bowing to the inevitable and accepting the refusal of the committees to provide processing taxes

that would pay for the program. Dissatisfaction with compulsory quotas and penalties presages a long fight on the senate floor. There's no doubt, however, that by compromising the No. 1 item on the President's program, a bill will be pushed through eventually.

Going Slow On Taxes

Tax revision will follow a tortuous course that will result, without reducing total tax liability, in enough modification of the undistributed profits tax to give industrial management a chance to make its plans without constant worry about how much of earnings will be paid out as dividends by the board of directors to reduce the tax bill. There is no longer any prospect of final action on the tax question in the special session, because the Congressional committees refuse to rush ahead with make-shift legislation.

Postponing Budget Balancing

Next month's budget estimates will show a paper balance for the 1938-39 fiscal year. This is in line with the outspoken sentiment of business, before the recession could no longer be ignored. However, there is now a growing feeling that budget-balancing can be put off yet again. Almost certain increased relief costs, the probable unwillingness of Congress to cover the enlarged cost of the new farm bill out of taxes, and the resistance that will be met in cutting expenditures for public works are big hurdles between the President's purpose and his performance. The attempt will be abandoned altogether if Roosevelt, failing to gain the confidence of business by other means, has to buy back prosperity.

Wage-Hour Bill Uncertain

Resentment of the A.F.L. against alleged favoritism for C.I.O. by the National Labor Relations Board has suddenly turned the green light for the wage-hour bill to yellow. Pigeonholing of this measure last session was a terrific upset. Now another such upset is possible. Administration pressure may still save the measure, but it begins to look as though there may be too many snipers, what with the opposition of small Southern industries, the craft unions' objection to any board which this Administration might name, and the difficulty of arranging for geographical differentials without too much delegation of power. At the moment this is the hardest situation to predict in Washington.

Just Another PRA?

Even if wage-hour legislation passes, it promises to evolve as little more than a work-spreading device. The substitute which William Green indicates is acceptable to A.F.L. turns its back on the Norton bill, and resembles nothing so much as the President's re-employment agreement, precursor of NIRA. Worried by the suggestion of a statutory standard of less than forty hours, industry is banking on the probability that Green's tactics will delay action. Congressmen were disposed, however, to lean more to A.F.L.'s wishes than to John Lewis's endorsement of the Norton bill for two reasons: (1) They don't regard C.I.O.'s show of political strength in recent elections as too terribly threatening, and (2) business recession has created so much distrust of the Administration's planned economy that many Congressmen will oppose placing discretionary authority to fix wages and hours in its hands.

Hauling in Canvas on 7-TVAs

Apparently in line with the President's hope to stimulate utility construction, the 7-TVA bill will be drastically toned down. Regional agencies will be restricted to the mere planning of future projects. Roosevelt takes a tremendous political risk in provoking Sen. Norris to angry denunciation. To nip powerful opposition in another quarter, the President assured the House Rivers and Harbors Committee this week that he desired no legislation that would interfere with the present jurisdiction of the army engineers over navigation and flood control. Meanwhile, it is understood that following conferences with utility leaders this week the President now has in his hands a statement of the "terms" on which the utilities will release the construction programs held up by lack of confidence.

Housing Boom Not at Hand

Big bulge in construction is sure to come but the Administration's plans are not likely to produce an immediate stimulus of any large proportions. Uncertainty regarding the future outlook is such a controlling factor in the purchase and rental of new homes that a reduction in building and financing costs will not do the job. The President shortly will present plans revising the national housing act to cut the quantity of money required under the Federal Housing Administration's system from 20% to 10% on low-priced homes and to reduce interest

42-ACRE FLOOR AREA RECEIVES BALANCED HEATING SERVICE

**Webster Moderator System Meets
Needs of The Port of New York
Authority Commercial Building**

USED BY 8 TRUNK RAILROADS

**135,642 Sq. Ft. of Installed Direct
Radiation Under Control in 15-
Story, Block-Square Building**

New York, N. Y.—An immense Commercial Building built in 1932 to facilitate movement of freight in the great metropolitan area has secured economical, trouble-free heating service with a five-zone Webster Moderator System.

Owned by The Port of New York Authority, this Commercial Building, with 42 acres of floor space, presents under a single roof all the heating problems of a large merchandising and manufacturing community.

With a single Outdoor Thermostat to vary the steam supply to the entire system and five Variators to permit modification of steam delivery to meet the requirements of each heating zone, the Webster Moderator System has maintained desired temperatures in business offices, lofts and manufacturing sections on 14 floors above the ground floor.



The Port of New York Authority Commercial Bldg.,
8th and 9th Avenues, 15th and 16th Streets

During February, 1937, more than four years after the original installation was made, the Webster Moderator System demonstrated its economy by heating the Port Authority Commercial Building with .036 lbs. of steam per degree day per thousand cubic feet of contents.

Abbott, Merkt & Co., Inc., well-known New York firm of Architects and Engineers, specified the Webster Moderator System for this large installation. Jarcho Brothers, Inc., of New York, acted as heating contractors under the Turner Construction Co., the general contractors. There is a total of 135,642 square feet of installed direct radiation under control.

These before-and-after facts point the way to maximum comfort and economy in heating new buildings as well as in modernization of existing installations. Consult your architect, engineer or heating contractor. Or address
WARREN WEBSTER & CO., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
Representatives in 60 principal U. S. Cities—Est. 1888

rates and charges from 6½% close to 5%.

Encouraging Housing Investment

The Administration will seek to encourage large-scale building operations by enticing capital to invest in national mortgage associations on a dollar-for-dollar basis matching new capital with RFC funds. This machinery has been available for several years but capital has not responded.

Weigh Building Wage Cut

In connection with large-scale building operations, principally for rental, the Administration's hope is that volume will bring about reductions in material and labor costs. It's possible but not probable that the Administration will propose a cut in the hourly wage rates of building trades. On the U. S. Housing Authority's public housing program there is some prospect that funds will be made available Jan. 1 to municipalities ready to put up their 10% share of the cost.

Last Call for Tax Discount

Corporations have only one more month to push through business expenditures to escape the undistributed earnings tax—that is, if their years end Dec. 31. By paying bonuses or increasing advertising appropriations business can get the government to share expenses—15%, approximately, on the normal tax, and up to 20.5% on the undistributed earnings tax (*BW—Jul 36, p. 32*). Companies whose fiscal years end in January, or later, have more time. If the undistributed earnings tax is altered, this will be the last chance to get help from Uncle Sam on that score.

Motor Case Deal

The Department of Justice and the motor manufacturers, with their affiliated finance companies, are seeking a basis for a consent decree that will terminate arrangements by which it is alleged that dealers are forced to finance sales through the affiliated companies. At this stage, department and company officials are considering what can be done short of prosecution that otherwise would follow the grand jury investigation. No definite agreement has been reached on methods that would bring about a marked change in the business of automobile distribution.

Wagner Act De-Toothed

Pending Supreme Court action on the Mackay Radio case or clarification of the law, the National Labor Relations Board is going slow in ordering men reinstated. Under the California decision, the board may not order reinstatement of an employee who has joined in a strike for increased pay or better working conditions. As the law

is worded, it is expected that other courts will hold that authority to reinstate is limited to cases involving unfair practices. This has pulled more of the act's teeth than is generally realized.

Aviation Control in ICC

Sec. of Commerce Roper's aviation committee, named to rewrite the hotchpotch of pending bills—and allegedly to combat the McCarran-Lea bill for control by the Interstate Commerce Commission—is weakening. Assistant Sec. J. Monroe Johnson, is finding the losing battle irksome. Sen. McCarran's bill looks good any time it can be brought to the floor.

Call It Garner's Baby

Brain Trusters are alarmed over the strength in Congress of the move to hamstring the Administration in its battle against bigness in business, but they are still intent on confining modification of the tax on undistributed corporation earnings to little corporations. They are busy, but this time they are using honey instead of an ax. The latest maneuver is to take "Cactus Jack" Garner into camp. New Dealers are inspiring stories that Garner gave the President the idea of exempting the little fellows and sucking the big ones.

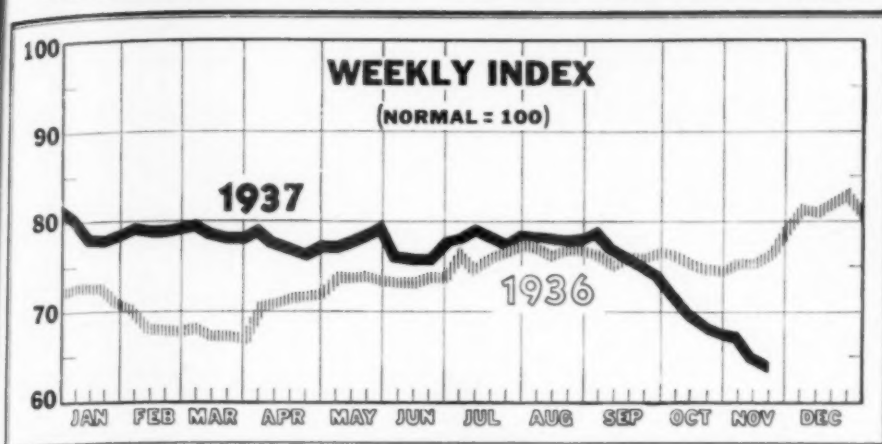
Garner Never Liked It

The truth is that Garner has always been against anything smacking of monopoly but has never found any satisfactory way of dealing with it without doing the country more harm than is commensurate with the benefit to small business. The truth is also that Garner never liked the idea of the tax on undistributed earnings. He objects strongly to such a measure of government control of the actual management of business. Garner also believes repeal, or at least drastic modification, would lead to heavy corporate spending and help to dissipate fears of investors.

Panama Toll Exemption

Despite the claim that it would encourage American shipping, the Treasury is not enthusiastic about exempting coastwise vessels from Panama Canal tolls. Nor is Sen. McAdoo's bill providing for such exemption making much headway. Too many of his colleagues remember that when he was Wilson's secretary of the treasury he did an able lobbying job in pushing repeal of this exemption through Congress. His argument then was not only that the spirit of the Hay-Pauncefote treaty prevented such favoritism to American coastwise vessels, but that it was uneconomic—that coastwise ships, having a monopoly, did not need a government subsidy.

BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



The Figures

Latest Week	*64.5
Preceding Week	†65.6
Month Ago	68.8
Year Ago	76.9
Average 1932-36	63.4

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
•Steel Ingot Operation (% of capacity).....	31.0	36.4	52.1	74.3	40.0
•Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$8,093	\$8,095	\$8,218	\$8,584	\$6,313
•Engineering Construction Awards (Eng. News-Rec., 4-wk. daily av. in thousands).....	\$7,526	\$7,089	\$8,252	\$7,076	\$5,736
•Bituminous Coal (daily average, 1,000 tons).....	1,580	1,433	1,597	1,805	1,400
•Electric Power (million kw.-hr.).....	2,224	2,177	2,282	2,196	1,798

TRADE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Total Carloadings (daily average, 1,000 cars).....	115	122	135	131	105
•Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	73	77	83	82	68
•Check Payments (outside N. Y. City, millions).....	\$4,489	\$4,001	\$5,170	\$5,391	\$3,619
•Money in Circulation (Wednesday series, millions).....	\$6,534	\$6,564	\$6,546	\$6,375	\$5,661

PRICES (Average for the week)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$95	\$92	\$104	\$123	\$94
Cotton (middling, New York, lb.).....	7.89¢	7.97¢	8.39¢	12.19¢	10.70¢
Iron and Steel (Steel, composite, ton).....	\$38.90	†\$38.93	\$39.47	\$34.59	\$31.78
Copper (electrolytic, Connecticut Valley basis, lb.).....	10.917¢	11.000¢	12.000¢	10.500¢	8.482¢
Moody's Spot Commodity Price Index (Dec. 31, 1931=100).....	146.5	151.2	164.0	189.4	143.5

FINANCE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Bond Yields (Standard Statistics, average 45 bonds).....	5.58%	5.36%	5.18%	4.17%	5.17%
Call Loans, Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	.90%
Prime Commercial Paper, 4-6 Months, N. Y. City (prevailing rate).....	1.00%	1.00%	1.00%	.75%	1.05%
Business Failures (Dun and Bradstreet, number).....	206	172	191	143	252

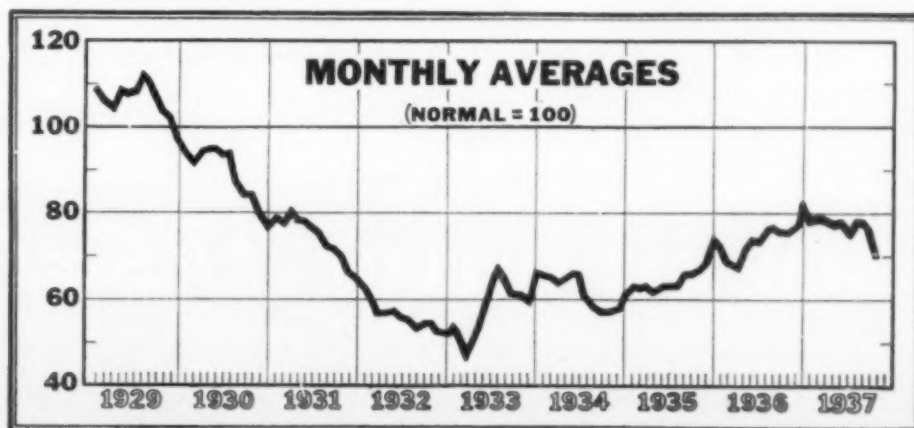
BANKING (Millions of dollars)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1932-36
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,590	2,576	2,565	2,464	2,436
Excess Reserves, all member banks (Wednesday series).....	1,100	1,070	1,021	2,276	1,702
Total Loans and Investments, reporting member banks.....	21,530	21,608	21,890	22,442	19,697
Commercial and Agricultural Loans, reporting member banks.....	4,738	4,780	4,833	§	§
Security Loans, reporting member banks.....	1,523	1,536	1,782	§	§
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	9,099	9,100	9,028	10,495	§
Other Securities Held, reporting member banks.....	2,899	2,908	2,949	3,195	§

*Factor in Business Week Index. *Preliminary, Week Ended November 20. †Revised. ‡New Series. §Not Available.

These monthly averages are merely simple averages of each month's weekly figures of Business Week's index of business activity presented in the chart at the top of the page. They enable readers to get a general view of the trend of business since 1929.

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DIRTY WORK at the crossroads...



Any Dirty Work costs less when machines have N-D-Seal Bearings...lubricated for life...grease sealed in, dirt out

No bearing job is too tough, or dirty, for N-D-Seal Bearings. These self-sealed bearings are one of the latest proofs that important new departures in bearing design come from New Departure. Already more than nine million are in use. You must be interested in N-D-Seals if you build or use machines. Send for our Booklet NT.



The N-D-Seal keeps dirt out... keeps grease in.

Balls and races are forged for great endurance.

Less Friction . . . Nothing Rolls Like A Ball



NEW DEPARTURE *N-D-Seal* Bearings

New Departure • Division General Motors Corporation • Bristol, Connecticut
ALSO MAKERS OF THE LARGEST SELLING COASTER BRAKE FOR BICYCLES

THE BUSINESS OUTLOOK

PRODUCTIVE activity probably hit the lowest point to date in the current recession in the holiday week just closed. Many plants took advantage of the Thanksgiving recess to shut down plants for the rest of the week. Steel plants operated at 31% of capacity, off 5.4 points since last week. General Motors, harassed by a sit-down strike that lasted nearly a week in its Pontiac, Mich., plant, decided to keep that division closed until after the holiday. Chrysler and Ford stepped up operations a bit last week, offsetting the loss at General Motors. Labor difficulties cropped out in the rubber center of Akron, too, adding to the slackening of operations in the tire industry. And raw material prices, whose downward trend is probably the basic element in the present slowing down of business, broke through the November, 1934, level, according to the Moody record of 15 commodities. Security prices also established new low levels for the current decline, but they rallied unexpectedly.

Retailers and Movies

A little brisker weather, stimulating the movement of winter goods, came as a belated answer to the retailer's prayer this week, but it probably appeared too late to improve the retail picture for November, which suffered from so much unfavorable weather in the first half of the month. Even the movie industry is beginning to note some shrinkage in box office receipts as payrolls decline with the shorter working week and with layoffs, and producers are giving more attention to cost reduction in their studios.

Power Output and Carloadings

Electric power production rebounded last week; but when the reports become available for the holiday week, another decline will be recorded. Carloadings have been on the downward path since early October, a trend partly normal for this time of year but accelerated by the general slackening of the business pace. As a result, layoffs and shorter hours have been spreading on the railroads in all parts of the country.

Outlook for Steel

How long the current recession will prevail before business is pulled out of its rut is still problematical. The steel industry is perhaps the most depressed of all, and chances are that it will jog

along at about the present rate for the rest of the year.

Textiles and U. S. Buying

Efforts of the federal government to push its buying schedule ahead will help remove some of the finished goods that are clogging textile markets, but there is some doubt if the federal buying will be on a big enough scale to make much impression. Purchasing agents who think that prices now offer attractive inducements to forward buying are being restrained by more cautious firm members who prefer to see a bottom definitely established before abandoning the current hand-to-mouth buying.

Construction Goes Up

A single large public works project of close to \$34,000,000 swelled the week's construction awards and helped lift the grand total to over \$72,000,000, the third highest of the year. Previous weeks this month have been running around \$35,000,000, and have included a number of large-scale residential projects and industrial buildings. No doubt many projects have been held in abeyance during the past few weeks when enthusiasm waned with the decline in business.

Advertising Follows Trend

Advertising appears to follow the general trend of business. Instead of expanding when sales show signs of shrinking, and contracting when the business comes in easily anyway, the advertising dollar follows the ups and downs of business with much too much faithfulness. The advertising indexes of *Printer's Ink* reveal that the seasonally adjusted series for magazine advertising has been receding since July, though it still has a comfortable margin above last year; that newspaper advertising slipped below last year's level in October, despite the substantial boost in automotive lineage; that farm paper advertising fell below last year for the second time this year, and that radio advertising, which reached new all-time high levels in August, has been finding the going less easy since.

Farm Prices and Income

The sharp drop in farm product prices cut into farmers' returns from crop marketings last month; but, despite the break in major commodities, farmers were able to market \$907,000,000 worth of products, 3% better than last year. For the 10 months of 1937, cash income from marketings was 10%

higher than for the same months of 1936. Since October normally marks the peak of the crop movement period, it can be expected that farm income in November and December will show some decline from the October level.

Record Cigarette Year

Cigarette consumption is apparently one item that is slow to yield to any tightening up of the pocketbook. Though July usually marks the peak of the year (and 1937 was no exception), the succeeding months have each set new records for their respective periods, thus guaranteeing a new all-time high for the industry this year.

Less Demand for Glass

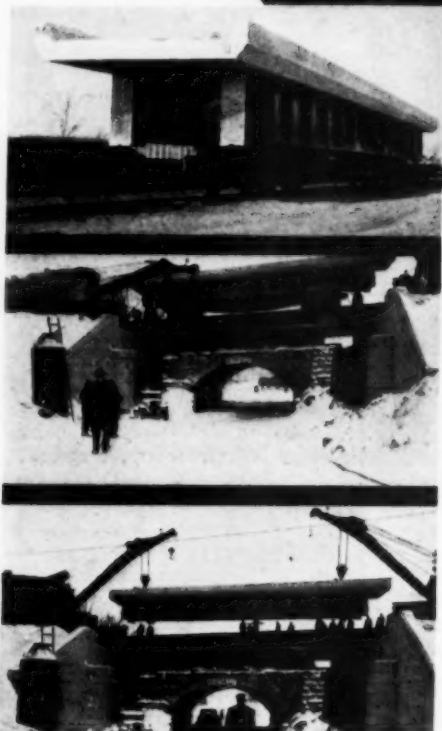
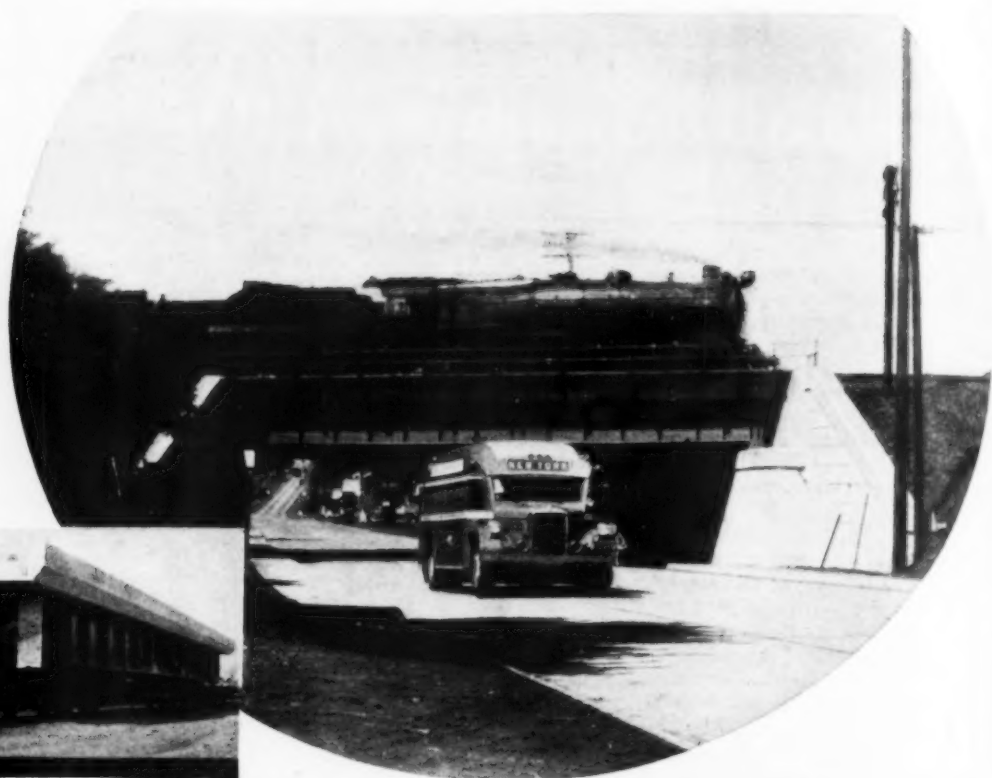
Glass plants have been hit from two sides this fall. Demand for glass from the construction industry normally peters out in the last quarter, but this year the buying started to taper off before the third quarter as residential building moved into lower gear. Then the motor industry failed to come through with the anticipated heavy volume this fall as the sales outlook clouded. Libby-Owens-Ford Glass Co. has closed its plate glass plant for three weeks, and other divisions of the company are closing for shorter periods. October production for the industry was off 29% from a year ago.

Aviation Industry Busy

A big backlog of orders, many of them from military divisions of both domestic and foreign governments, has provided the aviation industry with the means to run along at a good clip these days. In the first nine months, 29% of both plane production and plane deliveries (based on dollar value) was for military service, while 19% was destined for commercial use.

Air Transport and Insurance

Aviation transport companies did a good volume of business in October compared with a year ago, though the total was below that of September. November traffic is expected to be lighter than a year ago. Fewer business representatives have found it necessary to travel by air than last year, when the boom was on. Air travellers will be interested in the report that four insurance companies plan to offer air insurance at no greater per-mile charges than now exist for surface transportation. The plan proposes to give a \$5,000 policy at a rate of 25c for each four hours of scheduled flying time.



Pennsylvania R.R. Crossover

Cresson, Cambria County, Pa.

Contractors: G. A. & F. M. Wagman, Dallastown, Pa.

Five complete track sections were constructed on flat cars on a siding, moved to the job site, lifted bodily and set into place, one at a time.



"Construction ahead," yet—*they kept the Throttle open* for Main Line Traffic—Rail and Highway

Traffic could not wait—neither could the new "crossover." Here at Cresson, Pa., two great arteries of travel meet—the Pennsylvania Railroad Main Line and the Wm. Penn Highway. Public activities—business, transportation schedules—could not be disrupted.

Modern materials and unusual methods were used by engineers and contractors. Lehigh Early Strength Cement made quick service concrete for the decks and aprons of the track sections. During cold weather, which always slows up curing, in only 72 hours the concrete was ready to receive the ties, rails and roadbed.

Lehigh Early Strength Cement always cures to service strength in two-thirds to four-fifths less time than normal portland cement. This quick curing reduces construction time and costs. It adds special advantages in cold weather because it lessens the danger of concrete freezing.

Use Lehigh Early Strength Cement for all concrete work—for quick construction, economy and added protection in cold weather. Our Service Department will gladly answer inquiries.

LEHIGH PORTLAND CEMENT COMPANY
Allentown, Pa. Chicago, Ill. Spokane, Wash.

LEHIGH EARLY STRENGTH CEMENT

BUSINESS WEEK

NOVEMBER 27, 1937

Job for Business in Washington

Congress, anxious to act independently for recovery now but without leadership, will listen to real business program. Failing one, President can force stalemate.

WASHINGTON (Business Week Bureau) —Business has a chance to do a job—in Washington.

To report that the recession has forced President Roosevelt to adopt a more conciliatory attitude and has given Congress an excuse to follow its own head is all very well but it is no guarantee of practical results.

The President has made some passes that would make it appear that he earnestly desires to stimulate business but these are still colored by the feeling that business has done him dirt. This has goaded him into an attack on monopoly as a prelude to overhauling of the anti-trust laws (see page 14).

Confidence Needed Now

The anti-trust drive is a task that can't be polished off before the time when business activity should be well on its way again, but the President's action doesn't serve to inspire confidence now.

Even affirmative action by Roosevelt to give business a lift either doesn't go all the way—as in the limits to which he would confine modification of the undistributed profits tax—or doesn't hold out any hope of priming business right now—as in his housing plans, where good intentions are complicated by stubborn economic factors.

What else Roosevelt may have up his sleeve has not been revealed but Wash-

ington observers do not expect that the White House will bestow unmixed blessings on business unless conditions get a lot worse than they are at the present time.

Congress, on the other hand, is frankly and enthusiastically pro-business. It is not prone, as the President still seems to be, to place the responsibility for the recession or to drive a bargain with interests which oppose the Administration reform measures. For its own sake and for the sake of the folks back home, Congress wants to help business. It might go so far as (in the words of one acid commentator on Capitol Hill) to give a jailbird a new suit because a new suit means new business.

The trouble is, however, that Congress is in a highly emotional state, that it has no program and no leadership which, divorced from the White House, can devise and carry forward affirmative steps to give business a break.

Stalemate in Prospect

With the President trying to rub Congress' nose in the wage-hour bill, regional planning, farm control, and government reorganization, hoping that in the meantime business will pick up sufficiently to excuse him from doing something for business for its own sake, a long stalemate is in prospect—unless

business decides not to wait on the White House.

Congress will listen to business now, do things that business wants done. The recession has given the rank and file such justification as they feel they may still need to act independently of the President.

A significant thing happened in Washington last week. The Ohio Chamber of Commerce held a meeting here and practically all members of the state congressional delegation were present to hear what their important constituents had to say. A year, two years ago, the Ohio members would have pleaded important engagements in Baltimore, New York—anywhere they could hide out.

Opportunity for Business

Confusion on Capitol Hill points to the probability that none of the measures which Roosevelt scheduled for action in the extra session will be carried to enactment within that time. This situation furnishes left-handed support for less apprehension concerning immediate developments in Washington. But it also furnishes business with an opportunity to develop a program based on its own appraisal of present conditions.

If business moves into Washington with affirmative, concrete propositions to put up to Congress, there is a good chance that it will get some first aid for recovery and possibly guide the course of future legislation away from the regulated diet prescribed by the White House—which is designed primarily to take off fat without any particular reference to the question of whether business can stand the strain.



THEY'LL FURNISH THE ANTI-TRUST FIREWORKS—Robert H. Jackson (left), Assistant Attorney-General and one of the Administration's favorite bright young men, is busy these days drafting new anti-trust controls. He isn't waiting for the report

of William A. Ayres (right), who heads the Federal Trade Commission, now studying monopolistic practices. The FTC won't tell Jackson much he doesn't know, but the Administration expects its report to be valuable in arousing public opinion.

F.D.R. to Crack Down on "Trusts"

Powerful anti-monopoly legislation is on the way, and Roosevelt will argue that this won't hurt business but will brace it up.

WASHINGTON (*Business Week Bureau*)—Anti-trust legislation bringing up the New Deal's heaviest artillery against big business is coming—inside the next three months. The President played down the subject in his message to the special session but it's in the works now. Roosevelt realizes that business interests will rage against this as a poor time for him to crack down again. But it was the business recession that finally clinched his resolution to do something about it! It has been on his memo pad for a long time. And business had better know what's coming.

Stimulant To Business

The measures which Robert H. Jackson, Thomas G. Corcoran, Benjamin V. Cohen and other New Deal "blame-me" boys are working will be represented as a stimulant to business on the ground that its present condition was to a large extent brought on by fixed prices in monopolized markets. With all the punch that the President can put behind his stuff, Congress and the country will be told that a move by the government against monopolies is not a move against business but a move for

business because monopolies are the bottlenecks of industry, and breaking the neck of the bottle will allow business to flow free and strong.

The pattern of the President's argument will be that anti-monopoly legislation is not intrusion into business by the government, because the voices raised against government are not the voices of American business at large but the voices of organizations speaking for a small group of interlocking directorates that have a strangle hold on industry. He will use figures, compiled from Bureau of Internal Revenue records, to show that in 1932, with no probable diminution since, 53% of all corporate-owned assets were held by 618 corporations—0.2% of those reporting; 85% of corporate assets were owned by 5% of the corporations. More than 50% of all net income went to 232 corporations, and "of the country's manufacturing corporations, 1.2% of the total number accounted for 63% of the aggregate net profits."

The government is one of the biggest customers of industry and presumably can drive a better bargain than most. Yet so strong are the trusts, say Sec. Ickes, Attorney-General Cummings, and

Due Warning

When the President delivered his fireside talk, in calling for a special session of Congress, his legislative program comprised five major points. At the opening of that session last week, he mentioned only four. The significant omission was revision of the anti-trust laws. The inference drawn was that this was to wait until business felt better.

However, Point No. 5 hasn't waited. It came to the front this week when the President launched the Federal Trade Commission on an investigation of increases in the cost of living "attributable in part to monopolistic practices."

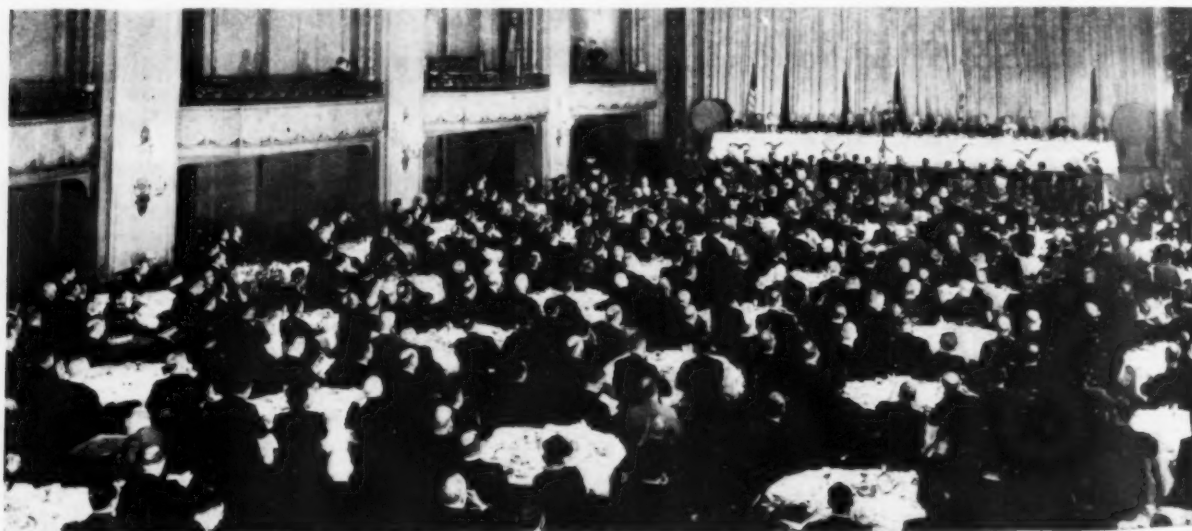
Legislative action may wait awhile but indications are that the anti-trust drive will be a principal item of discussion three months hence.

Business can't afford to wait; the news of what kind of thinking will direct the drive, what the New Deal's objectives are is vital now.

Here it is.

other officials, that even the government gets whole batches of flagrantly collusive bids on such things as steel, cement, aluminum, copper, harvesting machines, explosives, paint, paper, rubber, meat, batteries, chemical and medical products, office supplies, plumbing supplies.

And if the government is powerless to combat this kind of thing, say the New Dealers, where do small manufac-



New England's Business Leaders Hold a Town Meeting

Thursday and Friday of last week leaders of New England's business life met in the Hotel Statler, Boston, for the thirteenth annual New England Conference. Purpose of the "town meeting" was a free and open discussion of vital issues in the country's industrial and commercial life, as particularly applied to the Northeast. Leading the speakers were the Governors of the six New England States (Barrows of Maine, Murphy of New Hampshire, Aiken of Vermont, Hurley of Massachusetts, Quinn of Rhode Island, and Cross of Connecticut). The Governors united in calling for repeal of the capital gains and

undistributed profits taxes, in denouncing the pending Czechoslovakian trade treaty covering low-priced shoe importations, and in seeking an opportunity to discuss the New England interstate flood compacts with President Roosevelt, in the hope of launching active construction of dams for flood control without turning over state regulation of power sites to federal bureaucracies. Interesting feature of the conference was a panel discussion, under the chairmanship of Glenn Griswold, publisher of *Business Week*, of the various aspects of the problem of public relations

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delivered his for a special his legislative major points session last ly four. The is revision of The inference was to wait r. o. 5 hasn't ne front this ent launched mission on an s in the cost in part to

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urers, merchants, and consumers get off? And where does labor get off? Among the various sets of figures which stick in the President's crop right now is one which contrasts prices and pay-rolls of "less competitive" and "highly competitive" industries in 1926 and at the bottom of the depression. It runs like this:

Industry	Decline in Price	Decline in Payrolls
LESS COMPETITIVE INDUSTRIES		
Steel (ingots).....	16%	75%
Cast iron pipe.....	7	74
Agricultural imple- ments.....	14	83
Aluminum.....	21	70
Cement.....	13	72
HIGHLY COMPETITIVE INDUSTRIES		
Woolen goods.....	34%	51%
Cotton goods.....	43	51
Knit goods.....	42	42
Leather.....	44	42

Income Distribution

And, of course, always in the background of the Administration's thinking is the Brookings Institution study of income distribution in 1929, showing, as Jackson puts it, that "about 6,000,000 families or 21% of all families had family incomes of less than \$1,000 annually, and that 36,000 families in the high income brackets received as much of our national income in that year as 11,000,000 families with the lowest income." The ineptitude of the anti-trust laws to prevent concentration of economic power is generally blamed for that condition.

For their own good, business interests should know now that, as the Administration looks at the situation, present stock market and business conditions need not, should not, deter this campaign against monopoly. The Administration will admit no truth or justice in the use of this argument against its efforts to "free the bulk of business and the public from the grip of price-fixers." It was their "greed" that the Administration blames for starting the decline in business last March. The young lawyers that the President has turned loose on this job don't mince words. Neither do they boggle at what they are up against.

Old Laws Inadequate

The old-fashioned anti-trust laws are unable to cope with the concentration of corporate wealth, chiefly in production but also in distribution, which is the New Deal's target. Enforcement broke down years ago and it's frankly admitted that the Administration can't get anywhere along "orthodox" trust-busting lines now. Attorney-General Cummings is urging that the Justice Department's modest appropriation of \$472,000 for conduct of anti-trust work be tripled, but he jolly well knows that he won't get it.

Other laws have actually tended to



San Francisco Gets a New Island—Site of Its Fair

Treasure Island, site of the 1939 Golden Gate International Exposition (West Coast rival attraction to New York's 1939 fair), was formally turned over to the City and County of San Francisco last week by U. S. Army engineers.

In the picture, Treasure Island is the more distant of the two islands. In the foreground is rarely-photographed Alcatraz, home address of the nation's ranking public enemies.

Permanent purpose of 400-acre Treasure Island is to serve as an airport. Two concrete and steel hangars, ranking among the largest ever constructed, are already finished and an \$800,000 airport terminal building is nearing completion.

foster monopoly, according to New Deal lawyers. This complicates tremendously the problem of attacking the problem, but it has also suggested the means of approach. *Business Week*, in reporting exclusively several months ago that F.D.R.'s next step would be against monopoly (*BW—Jul 31 '37, p18*), mentioned several possible methods of approach: (1) revocation of patents unless protected inventions are used in commercial quantities, and differentiation from others of patents embodying only slight improvements on prior art; (2) elimination of the tax-free "reorganization" privilege; (3) subjecting new capital issues to scrutiny for possible monopolistic effects.

Last week the President, in recommending that small business only be relieved of the hardships of the undistributed profits tax, indicated how the tax law might be used to support a drastic anti-trust policy. The Administration is exploring other possible means of putting the screws on big corporate units. Boosting the intercorporate dividend tax, for example. It is suggested also that there's no machinery whatever for a discriminating control of credit to business enterprises. Mention of such ways and means should not be construed as implying that they have been adopted. They are significant, however, as indicating the lines along

which the Roosevelt Administration is thinking.

The government will not rely on any one anti-monopoly statute. As many laws as practicable will be lined up to support this policy. A clear statement of policy, its definitive terms, and the immediate instrumentalities to be employed in enforcing it will be set forth, however, in a central law.

There are proposals, such as Sen. Borah's, that muddy the water. The anti-monopoly lion of the Senate would bar all monopoly-made goods from interstate commerce by compelling companies, against which some measure of monopoly could be proved, to operate under federal license. There are a lot of legal pitfalls in that apparently simple proposition. Besides which, the government can't keep goods away from people. To say that the production of shoes might be a monopoly is no warrant for making people go barefoot. The Administration is deliberately aiming at big corporate units but has to use some discretion. It would like to pull the big fellow down and build the little fellows up. Many of them, big and little, are members of trade associations. The government has been pretty fairly successful in enforcing the anti-trust laws against trade associations. They almost *have* to write letters, hold meetings. The Administration isn't pre-

pared yet to suggest how to deal with such combinations that, presumably, have been of some benefit to small businesses.

But search and study goes on. There

may be distractions, such as last session's court fight, but the Administration now is working towards submitting its proposals to Congress fairly early in the regular session.

Big Foreign Trade and Peace Deal

U.S. treaty with England may involve great bloc, including all British Empire and six "Oslo" countries, in united front against dictatorships.

ONE of the biggest trade deals in history will be negotiated when London and Washington begin their formal talks on the contemplated new trade pact, but its political significance may prove more important than its commercial value.

Ramifications of the project already go beyond the trade between the United Kingdom and the United States. Canada has announced that it is ready to revise and extend its trade arrangement with the United States, and Australia is expected to make a similar request some time in December, after the new Australian Parliament has convened.

In addition, there are reports from well-informed sources that both London and Washington will use their influence to bring the so-called Oslo bloc—comprising the four Scandinavian countries, Belgium, and Holland—into the deal. If this project, linking the British Empire, the United States, and the Oslo countries, goes through, it will make an economic commonwealth of the nations which do more than one-

half of the world's trade. It is likely that at least France will be ready to join the group soon. At the same time, Washington anticipates another wave of most-favored-nation agreements be-



Horris & Ewing

HULL'S HELPMATE—Harry C. Hawkins, Sec. Hull's No. 1 man in the trade agreements division of the Department of State, draws up the plans for formal negotiation of treaties.

ginning soon and extending to other countries.

The political implications of the project are in the psychological and the economic threat which unified action by the democracies may offer to the dictatorships. If these efforts to break down world trade barriers are successful, they will not only counteract the extreme nationalism of the totalitarian states but will build up a stronger opposition to their united political front.

The talks between London and Washington, which are the basis for the whole project, will not commence for some time. Authorities in Washington expect the list of items on which the Anglo-American pact will be negotiated to be announced during December. In March, hearings will be held and briefs received from the American businesses which will be af-



Horris & Ewing

TROUBLESHOOTER—Henry Grady, chief of the reciprocity information committee of the Department of Commerce, weighs the reactions of American business to proposed treaties, then decides on the final bargain that can be offered.

fecting one way or another by the pact. These hearings are expected to last for six or eight weeks because of the large number of items likely to be included. The finished treaty cannot be expected for another six months.

In negotiating the reciprocal trade agreements, Washington has followed the principle of granting concessions on only those items the imports of which are mainly supplied by the country with which the treaty is being negotiated.

The United Kingdom is the main supplier of about 200 items bought by this country. By far the most important in the last few years have been whisky and other liquors, imports of which last year amounted to nearly \$28,000,000. But about everything possible has been done to aid foreign suppliers of this line, and the concessions this time are likely to be on such other British exports to the United States as linens, British wool specialties, cotton goods, and some other manufactured specialties.

U. S. Wants Farm Concessions

On our side, Washington is particularly eager to negotiate this treaty because it provides an opportunity to meet the severe criticism of the farm community by providing major concessions in our exports of various farm products. Cotton already enters Britain without paying a duty, but an effort undoubtedly will be made to get a promise that no duty will be hereafter imposed. On such other items as wheat, canned fruits and fish, bacon, lard, and timber, the United States would like to recover some of the market lost when



Business Week

H. M.'S DETAIL MAN—H. O. Chalkley, commercial counselor of the British Embassy in Washington, has represented London during the 18 months of behind-the-scenes planning for the Anglo-American treaty.

the British boosted their tariffs in the Ottawa Pact in 1932. Some concessions will be sought on machine specialties, but farm exports are the main thing. The success or failure of the project, as far as this country is concerned, will rest on the ability of Sec. Hull's negotiators in winning farm concessions.

Revise Canadian Treaty

The Canadian treaty will be revised at the same time the United Kingdom pact is being negotiated and there is bound to be a battle. A strong bloc in Canada is opposed to giving up any privileges in the British market until it is known what will be done by the United States to make up for the loss. The same outlook that makes the British Columbia lumber industry gloomy is making their Washington and Oregon competitors cheerful, for they anticipate recovering at least a part of their old market in Britain.

There will be a great deal of loose talk in the next few months about including war debts and the whole question of armaments in the trade talks, but it is extremely doubtful if either side is willing just now to risk upsetting the trade plan by bringing into it such cantankerous problems. The pact will include some definite new statement covering currency exchange regulations, to prevent currency changes that would nullify the trade program. But the currency provisions are not likely to go much further than the tripartite monetary accord, and the special

currency provisions which were written into the trade treaty with France.

It is significant that the announcement that both countries were willing to discuss the project was made the day before Lord Halifax visited Hitler. It strengthened Britain's hand, but it was no blow to Germany if Berlin is willing to join the accord on a free-trade, most-favored-nation basis. This is admittedly not possible in a single step, but Berlin will find both London and Washington ready to talk much more sympathetically after the present agreement is reached, for each will feel stronger then, and both realize the need for bringing the rest of the world into the accord if it is to accomplish its greatest end.

Canada Divided

Bennett declares U. S. - Britain treaty threatens sacrifice of Dominion interests; Mackenzie King stresses bargaining gain.

OTTAWA (Special Correspondence)—R. B. Bennett, Canadian premier at the time the Ottawa imperial agreement was made, and at present the leader of the Conservative Opposition in parliament, has taken the warpath against the proposed British trade treaty.

The day after formal announcement was made that the treaty was to be negotiated, he was at Halifax, on the Atlantic seaboard, appealing to Canadians to bring all the pressure in their power to

prevent the treaty going through at the expense of Canada's preferences in the British market under the Ottawa pact. A few days later he carried his campaign to Victoria, B. C. Unquestionably he will wage his battle in parliament when the session opens, probably in January.

The force of the appeal in British Columbia will have an early test, for a by-election to the House of Commons is being held in Victoria. It is even fighting ground, the Conservatives having carried the constituency about a year ago by less than a hundred votes. Members of the Ottawa government will be in Victoria upholding the treaty proposal.

Bennett's Point of View

Bennett bases his fight against the treaty on the ground that it involves the sacrifice of the certain advantages Canada enjoys in the British market under the preferences of the Ottawa pact—principally for wheat, livestock, bacon, ham and other meats, eggs, butter, cheese, fruits, lumber, and other natural products—for the uncertainties of new concessions in the revised treaty with the United States.

Bennett pleads that the solvency of Canada is at stake, points to a reputed \$50,000,000 investment in the Okanagan Valley fruit belt of British Columbia alone which he says would be destroyed by loss of the preference and American competition in Britain.

Sectional interests benefiting by the Ottawa pact will rally to the appeal, have been, in fact, protesting for weeks against the prospect of a change in the situation.

British Columbia, for instance, has been in a white heat of excitement since the announcement. It is surmised that the ultimate implications of an Anglo-United States trade agreement are the dwindling to insignificant proportion of the whole idea of imperial preference.

Empire preference raised B. C.'s share of the United Kingdom lumber market from 1% when the province competed on equal terms with the Baltic countries and the United States to 20% now; it increased B. C.'s shipments to Australia from 20% prior to 1932 to more than 90% now.

Determined to Push Treaty

Prime Minister Mackenzie King will not be deterred by such factors in his determination to promote the proposed treaty. The simultaneous negotiation for revision and extension of the U. S. - Canada treaty is regarded here as a clever move to offset these Canadian objections to Canada's contributions to making the British-American treaty possible. King will assure Canadians that they will indemnify themselves in the United States for what they lose in Britain.

But the principal defense of his course will be on the basis of world peace. He will claim that this outstanding forward



Home-Building on the Gas Map

The American Gas Association prepares to enlist gas utility companies, gas equipment manufacturers, building material interests, local architects and builders in a broad program to demonstrate the value of equipping new homes and modernizing old ones by gas appliances. The campaign, tying into the recovery drive for better housing, will cover the United States and Canada. Strategists lined up left to right above are J. F. Quinlan, director of the association's Home Appliance Planning Bureau; Merrill N. Davis, president, Association of Gas Appliance and Equipment Manufacturers; Hall M. Henry of the Utility Management Corp.; N. C. McGowen, president of the American Gas Association; and Howard Myers, editor of the *Architectural Forum*. The map shows where gas serves the nation.

step towards lowering of international trade barriers, coupled with closer relations between the two branches of the English-speaking world, will make for world peace. It is the kind of claim that will carry much weight with Canadians at large who are not directly affected by the British preference.

King's course since 1932 regarding the Ottawa pact has paved the way for his present attitude. He bitterly opposed parliamentary endorsement of the pact on the ground that it barred the way to a reciprocity treaty with the United States because it bound Canadian preferences to Britain. In the revision of the Ottawa pact early this year these bound items in the two-year old trade pact with the United States were reduced from around 300 to about 90.

At the same time, King insisted on Britain's continuing her full list of bound margins of preference to Canada with the result, foreseen then, that he

can now make or break the Anglo-American treaty by giving or withholding his consent to the release of Britain from these bargains in order that she may meet United States demands, or can insist on improved reciprocity terms with the United States as the price of making the British treaty possible.

Also, there is a major political consideration to influence King. He is largely responsible for the development of a serious issue in Canada as to whether, if war comes, Canada should take a stand with Britain or remain neutral with the United States. But if, as he hopes, the proposed trade treaty brought Britain and United States so close together politically that the United States would be likely to stand by Britain in time of danger, Canada could go to the aid of Britain in an emergency not merely as a member of the British Empire but as a North American cooperator with her great neighbor.

Price Fixing Doesn't Stop Cutters

In drug field, "fair trade" contract prices hold up well, but not in liquors; on radios and typewriters, old-time price competition holds sway.

ALMOST one year ago the Supreme Court said it was perfectly Constitutional for a manufacturer to set a minimum price on his goods and to enforce it on all retailers under the authority of a State fair trade law.

Groups of independent retailers who had fought for a quarter of a century to legalize resale price maintenance hailed the decision as the dawn of a new millennium. For didn't the law virtually make it illegal for any retailer "willfully and knowingly" to offer any article at less than the price set by the manufacturer.

Somehow or other, though the new millennium hasn't come off as per schedule. Price-cutting continues to flourish. Consider, for example, the situation in New York City, where about 5,000 products are price-fixed under the Feld-Crawford fair trade law—probably more than in any other market in the country—and where competitive pressure seems most severe.

Situation Changes

It must be recognized, of course, that the situation today isn't what it was yesterday or what it will be tomorrow. Today the fixed price is being shaved in one store; yesterday it was being squeezed in another; tomorrow both of them will battle it out on still another item. Consequently, any specific data which might appear to show non-compliance with the contract prices today are likely to be given the lie in tomorrow's shopping. But in its broad out-

lines the picture of price-cutting remains the same day by day.

It is a picture which varies from field to field. The situation in drugs is far from what it is in radio retailing, thanks to the effective machinery for enforcing the price contracts which has

been constructed by the independent druggists. However, even in drugs, some of the big department stores and the cut-rate cosmetic shops tend to press every advantage before yielding to the inevitable and conforming to the contract prices.

For example, on Nov. 1, some two weeks after contracts had been sent out on Rem, Rel, Nujol, and Mistol, you might have found a number of violations throughout the city. Rel, fixed at 39¢, could have been bought for 21¢ at Hearn's. Rem, fixed at 49¢, might have been bought at that store for 36¢, at Namm's for 40¢, and at Loeser's for 37¢. Nujol, fixed at 59¢, was 54¢ at Hearn's, and 57¢ at the Walgreen drug stores. Mistol, also 59¢, was 42¢ at Hearn's, 39¢ at Stern's, 45¢ at Abraham & Straus in Brooklyn, 45¢ at Loeser's, 48¢ at Namm's, 45¢ at Walgreen's.

Similarly, Scott's Emulsion, price-fixed at 49¢, was being sold at some Liggett stores for 45¢ and 47¢, several days after contracts were issued. The large size, fixed at 98¢, could be had for 83¢, and Scott's Emulsion Fortified was advertised in Liggett windows at 89¢ a week after its price had been set at 98¢. Jergens' Lotion was theoretically stabilized at 39¢ for the small size and 79¢ for the large on the first of the month, but on the 13th Liggett's was still offering it at 34¢ and 73¢.

Booksellers Conform

In books, where practically every new title is now price-fixed, conformity with the fair trade law is even more marked than in drugs. The independent booksellers have almost always disregarded cut-price competition and sold their wares at the list price; so it is no hardship for them to respect the new contracts. As for the price-cutters, there is no point in reductions on books unless these can be widely heralded and used as loss-leader bait for the carriage trade. Since such tactics would immediately expose them to lawsuits, they have uniformly abided by the established minimums.

Not so, however, with liquor. Those stores which had gained a reputation for underselling before the advent of the fair trade laws are managing to hang onto it, though there is an air about their operations now faintly reminiscent of speakeasy days. Frequently prices are cut on case lots, but all evidence of this is removed. At one store on Church Street in lower Manhattan, you could buy a case of Gilbey's gin at \$15—88¢ below the contract price—and a case of Calvert's Reserve, price-fixed at \$29.81, for \$26. But the sales check wouldn't specify what brands of liquor you had bought or the name of the store.

Department stores generally are not

What Products Are Price-Fixed?

There is no clearing house for fair trade contracts, hence there is no complete record of all those which have not been issued, but on Nov. 15 almost 5,000 of them were in effect in New York State.

Included are the following:

Artists' supplies	70
Babies' articles	5
Books	1,261
Camera supplies	50
Cigars, cigarettes, pipes, tobacco	53
Clocks	11
Cosmetics	1,580
Drugs	850
Electrical goods	6
Games	2
Groceries	2
Housewares	20
Liquor	360
Luggage	9
Notions	7
Novelty jewelry	53
Odd embroidery	14
Radios	75
Smoking accessories	30
Stationery	20

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International light-delivery trucks, $\frac{1}{2}$ -ton to 1-ton,
in three wheelbase lengths, 113, 125, and 130-in.

INTERNATIONAL TRUCKS

above knocking off 5% on case orders, and throughout the field there is a general inclination to reach down below the price-fixed level to the most convenient round number. Thus, a case of Seagram's, fixed at \$31.21, is likely to come down to a handy \$30 with a little judicious bargaining, and almost any dealer will knock the 81¢ off the fixed price of \$29.81 for a case of Calvert's Reserve.

Fruits of Shrewd Trading

A little shrewd trading will sometimes do wonders on purchases of individual bottles. Thus at a mid-town store, if you are "the friend of a friend," you can get Fleischmann's gin, fixed at \$1.57, for \$1.19; Gilbey's, fixed at \$1.47, for \$1.09; and a bottle of Black & White Scotch, fixed at \$3.29, for \$2.69.

Until last week, one of the few exceptions to the above generalizations on liquor retailing among the long-established price-cutting artists was R. H. Macy & Co. Macy's stuck to the fixed prices on liquor religiously—just as it still does on drugs and cosmetics—because all the embattled independents were just waiting for Macy's to make a misstep. And as long as there is the certainty of contract enforcement—usually through a lawsuit by the manufacturer against the offending retailers at

the insistence of competitors who are themselves respecting the agreements—Macy's obviously doesn't intend to make that misstep. But when another retailer disregards the established price and when a manufacturer doesn't try to bring the offender into line, Macy's thinks of its underselling reputation and decides to let competition take its course.

Such apparently was what happened last week, for it was then that Macy's first broke below the contract level on a brand of liquor. On Nov. 17, Hearn's advertised Schenley's B & G Red Sparkling Burgundy, fixed at \$2.95, for \$1.98. Next day, when the ad was repeated and when Macy's had concluded that Schenley wasn't going to do anything about it, Macy's shaved its price to \$1.98, intending to let it stay there as long as Hearn's did.

Theoretically Price-Fixed, But—

In radio, the plight of price-fixing is even more precarious. Here, the fair trade forces have been put to utter rout. Though most of the new 1938 models in the field were theoretically price-fixed, a month ago you might have picked up the following bargains: General Electric's Model F65, fixed at \$59.95, cost \$45 at Davega's Cortlandt St. store, and a Vim store down the street sold the same set for \$42.75, while a Star outlet quoted it at \$43.

A Zenith radio, Model 5R236, fixed at \$29.95, went for \$21.95 at Bell's store, \$29.95 at Post's, \$29.95 at Macy's, \$26.50 at Hearn's, and \$21.95 at the Fair Radio Corp.

An RCA 87Y, fixed at \$84.95, sold for \$51.95 at Bell's, for \$59.95 at Macy's, and for \$51.38 at the Fair.

Price-Shaving on Radios

The trade-in, of course, is a tool which can be used for almost any amount of price-cutting without apparent violation of the fair trade law, but most radio price-cutters don't even resort to the trade-in. Though Philco has specified in its contracts that no more than "reasonable" allowance shall be made, that still leaves almost unlimited latitude for price-shaving. The Brooklyn Electrical Appliance Dealers Association is working up a bluebook of official trade-in allowances, but there is no assurance that they will be able to gain any acceptance for it.

Since violation of a contract price is actionable at the suit of any injured party, organized independent dealers have launched a case against Macy's on a charge of selling for \$134 a Philco Model 38-166 XX, price-fixed at \$215.

On Aug. 24, according to the complaint, a man bought a \$7.98 radio from Macy's. On Sept. 2 he turned it in and got an \$81 allowance for it on the purchase price of the \$215 set. An old-time foe of Macy's, Crichton Clarke, who is attorney for the American Booksellers Association and for the Brooklyn Electrical Appliance Dealers Association, filed the suit, which is currently deadlocked by the demoralized price situation in the field in general.

The Typewriter Situation

Not that the trade-in remains a problem in the radio field alone. In typewriters, you can find one store giving no trade-ins, another giving anything from \$1 up to \$17.50, a third giving a flat \$25—no matter what the old machine is like—and a fourth saying that \$37.50 and your old machine will buy a \$54.50 portable. The Macy method is a little different. There you pay the fixed price, \$54.50, and then for 47¢ you can buy a companion set, which regularly sells for \$12.88 and includes a typewriter table, 500 sheets of paper, 500 second sheets, a fountain pen, pencil, eraser, 25 sheets of carbon.

Aside from the troublesome matter of trade-ins, such evasion as there is of the "fair trade" prices stems primarily from the retailers' feeling that the manufacturers have no real intention of enforcing their contracts, that they were issued in the first place to placate a vociferous group of independents, and that having made their gesture to the little fellows the manufacturers don't intend to be too hard on the big-volume outlets whose stock-in-trade is low prices.



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IF YOU are planning on pipe, tanks or conduits underground, review wrought iron's record before giving final approval. Wrought iron withstands corrosion and shifting soil conditions as no other ductile ferrous metal. Leading industrial engineers know its record and specify it wherever there is any question of corrosion. Your own engineers will be interested in "The Use of Wrought Iron in Underground Service," which has just been published. A. M. Byers Company. Established 1864. Pittsburgh, Boston, New York, Philadelphia, Washington, Chicago, St. Louis, Houston.

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TUBULAR AND FLAT ROLLED PRODUCTS
Specify Byers Genuine Wrought Iron Pipe for corrosive services and Byers Steel Pipe for your other requirements.

How Much Commodity Surplus?

In metals and rubber, supply is close to what looked like a shortage last spring. Farm products set tougher problem for a price turn.

CONSUMING industries, prodded by talk of inflation and a speculative boom, fell all over themselves to buy raw materials last spring. The inflationary seeds are still there, but nobody is talking about them. Supplies of many commodities are little changed from six months ago, but now they look like surpluses rather than shortages. And prices are down from 20% to more than 50%.

The groundlessness of shortage fears (BW—Mar 27 '37, p17) which prompted widespread overbuying last spring has now been amply demonstrated. Whether business activity has declined so far as to warrant the present apathy remains to be seen. Those dealing in non-ferrous metals, for example, can't quite understand why supplies which looked dangerously meager back in March give the appearance of being unsupportably large now.

Consumers Use Inventory

Copper supplies are a little under 182,000 tons against 161,100 tons at the end of last year; there are only 25,800 tons of zinc on hand against 44,960 at the end of 1937; lead stocks total less than 100,000 tons against 172,400 last Dec. 31. But consumers are chewing up inventory instead of buying the metals (see accompanying chart), despite substantial price recessions. Much the same situation exists in crude rubber, which now sells for 14½¢ against 27¢ a lb. last spring.

On the other hand, there are large surpluses of American farm products, and this has contributed substantially to weakness in commodity prices in recent weeks. Wheat has moved into sight in much larger volume than in most recent years. Cotton ginnings have broken all records for this time of year. Farmers have marketed early, fearing still lower prices. Prices have felt the pressure, but the season of heaviest movement to market for major crops—other than livestock—now is past.

The one really back-breaking surplus is in cotton. This year's crop is put at 18,243,000 bales, a record high. The world carryover of American cotton on Aug. 1 exceeded 6,000,000 bales, which indicates a total supply in excess of 24,300,000 for the current season against probable consumption of less than 13,000,000 bales. Last year the supply was close to 19,400,000 and consumption approximated 13,100,000.

Thus the prospect is for a carryover

next August of more than 11,000,000 bales. On those statistics, cotton shouldn't lead the way when prices turn about. Nevertheless, the government's loan program, plus the fact that it seems inclined to authorize extensive acreage reduction next year, is tending to support cotton prices at present levels a little below 8¢ a lb. (The high last spring was around 15¢).

Some in the trade feel that as much as 6,000,000 bales of cotton may this year be pledged against federal loans. Impounding of that much might relieve immediate pressure, but the trade wonders, nevertheless, how the present huge surplus will be worked off, crop control or no crop control. Exports don't give any promise of relieving the situation—foreign takings from Aug. 1 to Nov. 20 totaled only 2,328,652 bales against 2,149,697 in the like 1936 period, despite the low price this year. And last year's exports were the lowest since the war with but one exception.

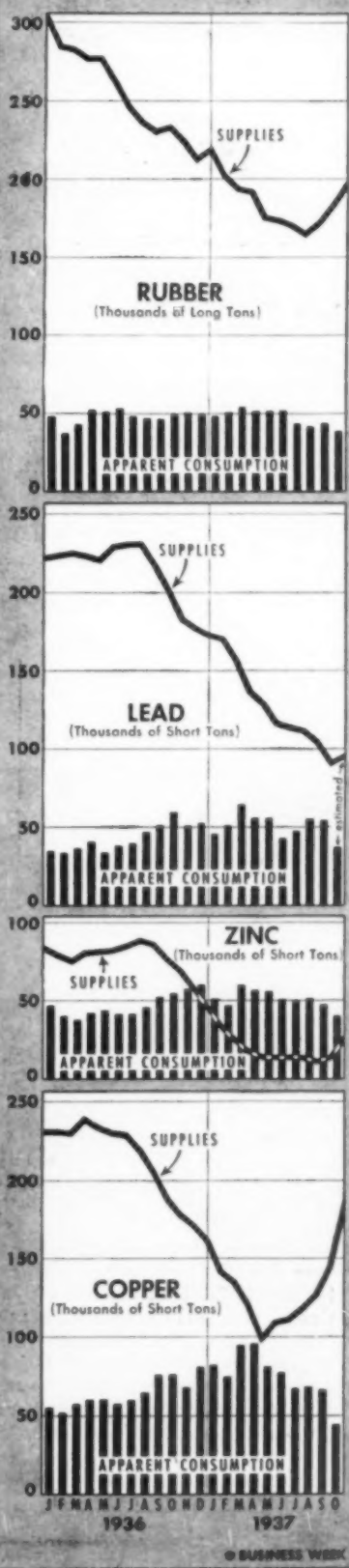
Wheat is a less serious problem. While production this year totaled about 886,895,000 bu., compared with normal domestic requirements of a little under 700,000,000 bu., there still is hope that exports may gobble up the surplus. This is the season of crop scares in the Southern Hemisphere. Two recent frosts have damaged Argentine crop prospects—how seriously it is still too early to predict—and wheat prices have had a couple of big days as a result. Foreign demand, nevertheless, is slow in materializing and exports so far have been disappointing.

Livestock Prices Tumble

Even livestock and hides, strong spots in the price picture until recently, have tumbled. Cattle which commanded top prices close to \$20 a cwt. only a few weeks ago are available now around \$14. Hogs, from a high of \$14 a cwt., have slid to around \$8.25 in Chicago. Hides, in which only a nominal market existed for weeks, have cracked since Chicago packers decided to release each week's intake as it came. Grades which commanded 14¢ to 15¢ a lb. for a long time have slumped under 9¢.

Larger runs of hogs to slaughterhouses in the last few days—the increase came much earlier than it was expected, farmers attempting to sell before the market went to pot—have had a depressing effect on the market for edible fats and oils. Lard stocks last spring were very high, but succeeding months have seen a substantial reduc-

CONSUMERS' "STRIKE" HITS RAW MATERIALS



tion. Now, with the larger hog slaughter, they are being rebuilt—it is doubtful if November will see much, if any, reduction.

This turn in the lard situation comes at a time when cottonseed oil is depressed by the size of the cotton crop. As lard and cotton oil are major factors in the edible fat and oil market, the price structure is shaky. Lard has dipped from better than 14¢ a lb. to below 9¢; cottonoil is slightly under 7¢ against a 1937 high above 10¢. These low prices, however, have reduced imports of oils sharply, and this helps domestic markets a bit.

Live Stock Classic

13,000 animals in Chicago exposition. More purebred exhibits than ever.

SCOTTISH bagpipers, marching into the arena at the International Amphitheater in Chicago, this week-end launched the 38th annual edition of the International Live Stock Exposition, which will run through next Saturday. Small farmers, city office workers with their roots in the farm, big-moneyed breeders, and socialites from the Gold Coast rubbed elbows as the show got under way. Dining rooms at the Saddle and Sirloin Club and at the Stock Yard Inn were overflowing at the dinner hour. The

150 boxes in the Amphitheater cost \$150 each. Most of the crowd came in on tickets selling for from 50¢ to \$1.50. Neither at the Saddle and Sirloin nor in the boxes around the arena were there many dinner coats, because the management wishes the farmer to feel at home.

The show covers nearly 600,000 sq. ft. in the Amphitheater, in the annex in old Dexter Park, and in the surrounding barns and stables. Animals in the show number about 13,000 and are valued at \$2,000,000. Cattle exhibits came from 25 states and four Canadian provinces; sheep from 15 states and one Canadian province; swine from 10 states; and horses from 13 states and three provinces.

For the first time since 1900, the first year of the show, there is no exhibition of swine breeding stock. There is a hog shortage and this is the breeding season, and officials of the show believed the breeding stock should be kept at home.

Exhibits of carload lots were cut slightly by the shortage of feed. But in the purebred classifications the number of exhibitors and of animals shown is greater than ever before. In purebred cattle, 202 exhibitors sent 1,346 animals. In sheep, 74 exhibitors sent 1,022 head. In draft horses, 113 exhibitors sent 465 head. And in the light horse show there are 500 animals.

One of the colorful features of the

evening performances is a parade of six-horse teams, all purebred draft animals, drawing wagons. Wilson & Co.'s six-horse team, pride of the Chicago yards, this year encountered competition from the Anheuser-Busch Brewing Co., St. Louis; the Goebble Brewing Co., Detroit; and Nathan Goff, of Clarksburg, W. Va., breeder of Clydesdales.

For the first time the Canadian Broadcasting Co. has joined the National Broadcasting Co. and Columbia in broadcasting the show. The Canadian broadcasts are concerned primarily with the achievements of Canadians, always big winners at the exposition.

Rand Wins Round 3

Acquitted on strike-breaking transportation charge, he still fights labor board.

JAMES H. RAND, JR., president of Remington Rand, Inc., 51 years old on Thursday of last week, got a present which was just what he wanted. He was acquitted at New Haven, Conn., along with Pearl Bergoff, of charges that the sending of 57 Bergoff operatives to the Remington Rand plant at Middletown, Conn., last year violated a federal law.


The law in question prohibits interstate transport of strike-breakers. It was getting its first test in court, and the government prosecutors lost. Thereby, Mr. Rand won Round Three of a labor case still nowhere near conclusion.

Remington Rand's labor troubles began to get public attention about 20 months ago, in early spring of 1936, when an employee group filed charges against the company with the National Labor Relations Board. A number of strikes were called. The board issued formal complaint against company practices. Charges and counter-charges filled the air for months, and eventually business was resumed at the half-dozen plants, on an open shop basis. Credited with breaking the strike was the "Mohawk Valley Formula" used in Middletown, which later got a wealth of publicity in manufacturers' reports (BW—Mar 20 '37, p. 16).

That might be called Round One, and Remington Rand won it easily on points. NLRB came bouncing back full of fight, however, and in one hand it had a three-pound special report, the biggest that ever has been issued by the board. It ordered the company to do various things—discontinue alleged discrimination against certain employee complainants, reinstate discharged workers, sever relations with groups alleged to be company unions, and post notices of these intentions. The company said it would go to court. Sec. Perkins of the Department of Labor

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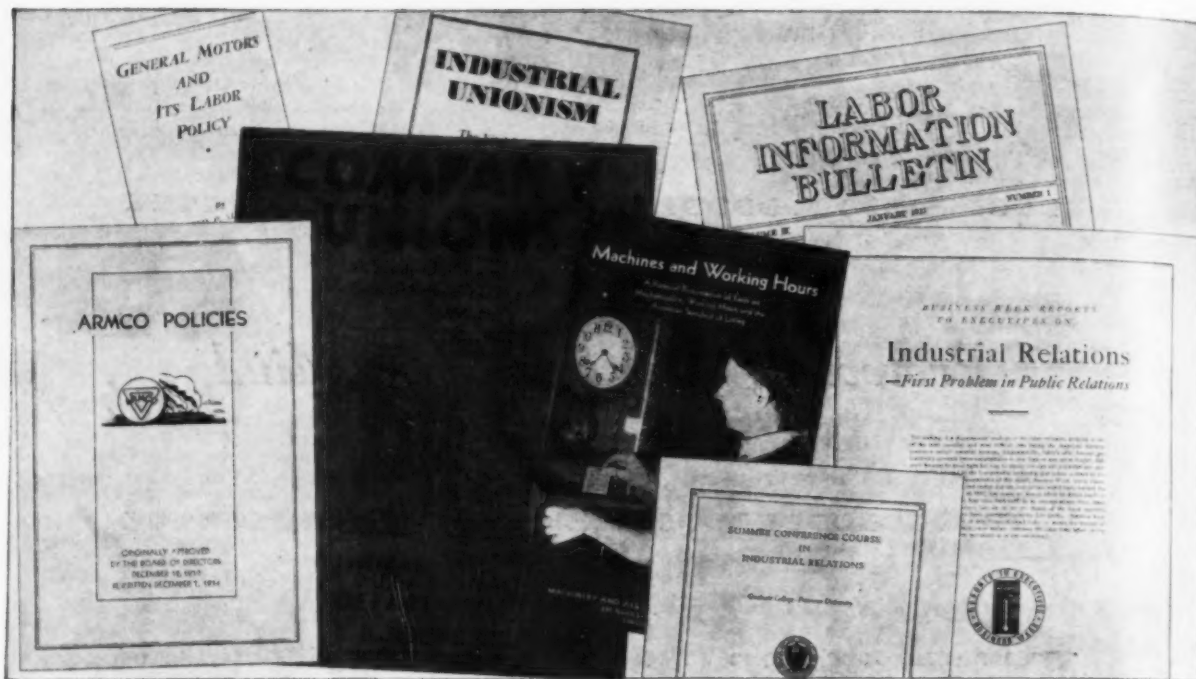
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IMPORTANT IN EDUCATION of both labor and management are the reports of record and research which form the textbooks. Shown are pamphlets from the four biggest sources: employers, employees, government, and independent agencies.

invited Mr. Rand to come in and talk it over, Mr. Rand did so, and for a few days it was believed that agreement had been reached between the antagonists. Consensus was that the government, which has considerable use for typewriters and other things made by Remington Rand and competitors, had won its case.

But that stage of the argument (eight months ago) was only a breathing spell. Charging that the company had not done the things it was ordered to do, the NLRB moved for enforcement through the Circuit Court of Appeals, second circuit, sitting in New York City. It declared that the company had "continued to violate the cease and desist order, and the board finds its continuing duty is to press for the enforcement of its order in full."

Plenty of argument still is to be heard in that case, with an original NLRB record to begin with which covers 5,215 pages of testimony. One angle is closed—the charge that activities of the Bergoff men in Middletown constituted a violation of the Byrnes strike-breaker transportation act. The Wagner act is something else.

How it all will end, no one can say. Both Remington Rand and NLRB are confident of victory. The complainant, Office Equipment Workers union, claims a majority in the Rand plants, but the Remington Rand Employees Assn., Inc., organized last year, says it isn't so. Best judgment of average business spectators this week was that, thus far, the scrap was about even.

New Schooling in Labor Relations

Penn State College plans courses in which material from employers and unions would be used, and to which both sides could send students.

PENN State, industrial-minded college with a knack for keeping in step with the times in education, was the subject of thorough discussion in informed circles of business, labor, and academic people this week. Reason: a plan of cooperative industrial relations training, with organized labor, management, and the university faculty each playing an important part, was reported all set for early action.

As explained to *Business Week*, the Penn State courses in industrial relations would be extended and enlarged so that research and statistical material would be available from both unions and employers. The present courses then would be extended into the summer months, and opportunity afforded to the unions and interested business firms to send students. Foremen, union members, and regular college students would be enrolled. Advice on proper practice would be made available from all sources.

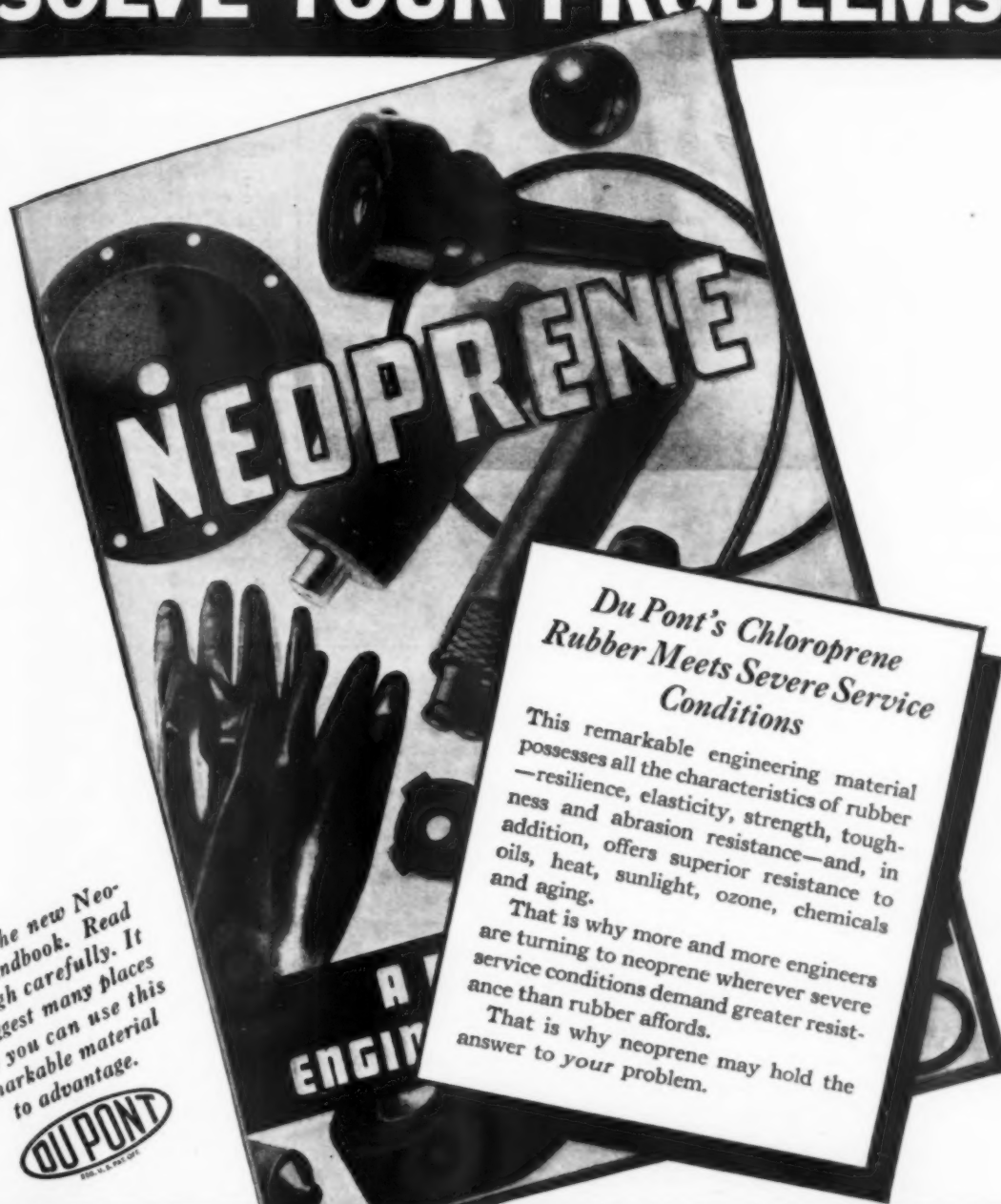
This plan, which already has the complete approval of the Steel Workers Organizing Committee under Philip Murray, and is looked upon with favor by a number of Pennsylvania industries, would add to the present system of labor relations instruction an air of

mutuality and cooperation which is lacking in other ventures. For this reason, it may be the forerunner of other similar efforts.

Many colleges have courses in labor problems, although most of the courses are developed primarily from text-book study and are confined to the teaching of students regularly enrolled in the school. A number of schools have pursued the subject of labor relations in various ways, and have built considerable reputations with their work among industries. Lecturers are lent by the colleges to industrial conferences, and industrial relations men in turn attend seminars and group discussions on the university premises. A good example of this work is afforded by the industrial relations section of the Princeton school of economics, which for eight years has built up an annual conference for business men. So popular is the one-week course that attendance has to be restricted to invited people.

Harvard's school of business, Wisconsin, Chicago, California—many of the big universities in their departments of economics and business are teaching labor relations in one or another way at present. But the calling in of practical workers in the field, as instructors and

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*Du Pont's Chloroprene
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This remarkable engineering material possesses all the characteristics of rubber—resilience, elasticity, strength, toughness and abrasion resistance—and, in addition, offers superior resistance to oils, heat, sunlight, ozone, chemicals and aging.

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But that wasn't all. Nobody else knew the secret of blending. Production slumped—rejects rose—customers complained. No insurance covered all that employer's losses.

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Another specialized service gives a second opportunity to profit—doctors, experienced in refitting injured men for their jobs, often save valued skill that might otherwise be lost forever.

For 50 years, each policyholder has regularly received a third profit—a cash dividend, saving one-fifth of insurance costs. "How Twelve Companies Saved More Than A Million Dollars" tells how you may save possibly thousands of dollars a year. Address Dept. 33, American Mutual Liability Insurance Company, Boston, Mass.



Savings on automobile insurance, fidelity bonds and other lines have been 20% or more each year—even greater savings on fire insurance, written by our associate, Allied American Mutual Fire Insurance Company.

Admitted Assets: \$29,786,487.87 Liabilities: \$24,777,652.84
Surplus to Policyholders: \$5,008,835.03 As of Dec. 31, 1936

1887—FIFTIETH ANNIVERSARY—1937

American Mutual gives a "3-profit" opportunity

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as students, has not been widely developed.

Meantime, for the past two years, nearly all the 150 large trade associations have been promoting the study of industrial relations. Diversified groups such as the National Association of Manufacturers, the American Management Association, and a large number of city industrial associations have put labor relations at the top of their lists of "important matters for discussion."

Tons of Literature

So great is the public demand for education along this line that innumerable independent agencies of management advice and counsel have devoted special attention to it. Tons of literature have been printed. Careful summaries of the labor movement (such as the *Business Week* special report to business executives last summer) have been distributed by the hundreds of thousands. Yet the demand for training on labor relations is growing day by day, as judged from requests which come to agencies of information.

To meet this demand, a number of new agencies were set up during the past year, and are being set up now to add to educative capacity. City plans have been developed in a score of places, with the greater number of them still in the formative stage. Industrial relations and public relations men have formed groups here and there to offer specialized advice, on hire by industry or public bodies. "Special reports" of legislation and of prospective action are coming out of Washington in various forms, prepared by analysts who do nothing but study the labor scene.

Labor Relations Schools

It is expected that large-scale education drives, backed by several industries, will follow these early beginnings. Two or three already are being discussed, and one that is reported as being near the announcement stage would set up industrial relations schools of three kinds—for wage earners, foremen, and executive personnel. Regional duplication would carry the same plan from section to section, as needed.

Meantime, the unions themselves have been far from idle on the subject of general education. Such old-timers as the International Association of Machinists, the Ladies Garment Workers, the Amalgamated Clothing Workers, of course, had pretty complete systems before the present search for knowledge began. They have expanded their courses until today a union member can choose between a score of subjects and receive books and class instruction on economics, business planning, marketing, sociology, union management, parliamentary procedure, and so on.

Oddly enough, colleges devoted entirely to labor matters never have been

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very successful. The one which was best known as Brookwood, at Katonah, N. Y., and from the time of its founding in 1921 it ran into financial troubles and disputes over policy. Communists called it "milk and water" schooling; conservatives assailed it as "too red and radical." Funds were advanced from the I.L.G.W.U. and other unions from time to time, and wealthy "angels" donated sums of money now and then. But the American Federation of Labor withdrew support in 1929, a number of faculty and student members withdrew, and reorganization was halting. Last spring it was reported that Brookwood was all washed up, and this week the board of directors confirmed that fact.

Charge "Biased Philosophy"

Likewise, many of the present plans of schooling are criticized by impartial observers, on the charge of biased philosophy. Thus it is assumed that a 100% employer-sponsored plan will tend to promote the open shop, and a labor-union school will try to push the closed shop—that both will be class conscious and that true intellectual honesty cannot prevail. That this charge is justified in some cases, few will deny, yet the present trend is toward an amalgamated, or joint style of teaching. Early indications of this trend were seen this year in a few conferences promoted by business management people, from which invitations were extended to union leaders to become part of the "faculty." And at the Silver Bay conference (an annual endeavor promoted by the National Council of Y.M.C.A.'s) a rank-and-file member of the Committee for Industrial Organization was present as an invited guest throughout the parleys.

William Green, John L. Lewis, Sidney Hillman, and other labor leaders are getting more invitations to lunch with business groups than they can accept. It is hoped by labor relations advisers that both sides can get to know each other informally, and partake of each other's ideas to some extent.

If the Pennsylvania venture is successful, it may be picked up elsewhere. And in that direction, according to neutral counsel, lies probably the best means of tying present education forms together with practical men, from both labor and industry, to the ultimate benefit of all.

Wages Tied to Living Cost

THE Southern California Building Contractors' Association is trying a new venture in labor relations—a minimum wage scale below which its members have agreed not to go. It has been further agreed that in January and July the scale is to be revised in accord with the federal index cost of living.



HANDICAPPED?

Even the fastest workers are slowed up by poor lighting. For poor lighting creates poor seeing conditions; increases errors and nervous fatigue; reduces general efficiency.

That is why more and more executives are turning to light conditioning...lighting that makes seeing easier. Such lighting makes office work go faster, smoother, more efficiently.

Your local lighting company will gladly measure the lighting in your office free of charge and show you how easy it is to have light conditioning. Why not phone their lighting department today?

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GENERAL  ELECTRIC
MAZDA LAMPS

No More Shingles

Canadian exports to U.S. exhaust year's quota. Sudden glut breaks prices.

THERE'S a shingle mix-up in the Pacific Northwest. British Columbia's rainy west coast produces tall, straight red cedar trees from which some of the world's finest shingles are made. Canada's home market for shingles is negligible; more than 80% of British Columbia output normally is sold in the United States, less than 5% to other non-Canadian markets.

In direct competition with the British Columbia shingle industry are the mills of the Puget Sound country in Washington. For years they were protected against the free entry of Canadian shingles. The Canadian-American trade treaty, effective Jan. 1, 1936, established a quota on shingle imports from Canada, calculated at 25% of the total importation plus production in the United States in the preceding six months.

Rush Shingles into U. S.

Until this winter the quota plan had apparently operated smoothly. But on Nov. 1, when it was announced that B.C. mills were within 92% of their quota for the six months' period ending Dec. 31, there was a sudden scramble to rush shingles across the border before the quota was exhausted. The result was an unprecedented glut of Canadian shingles at the boundary that caused Charles McGrath, manager of the United States Shingle Association in Seattle, to complain of "disastrous dumping" that had broken prices at least 10%. The quota was filled during the first week of November; no more will be permitted to enter this year.

No less disgruntled over the situation than the Americans were the B.C. shingle men who realized that severe curtailment of production and probably complete shutdown would be inevitable for many of their mills.

George S. Raphael, manager of the Consolidated Red Cedar Shingle Association, chief Canadian exporting agency, insists the B.C. producers "didn't deliberately break the market." The trouble, he says, was the lack of progressive data on volume of shipments. When it was announced early in November that the quota was almost filled, everyone got excited and joined the movement.

Shingle men on both sides of the border feel that the quota arrangement will probably remain and be rigidly enforced. Steps may be taken to ensure that shippers in B.C. are kept advised of the gradual increase in quota shipments to prevent recurrence of the early November flood.

Home Building—Where, How Many, How Much

(Based on permits in all cities of 10,000 population or more in first nine months of 1937 and 1936)

States by Regional Groups	Number of Homes		% Change	Total Value (in thousands)		% Change
	1937	1936		1937	1936	
New England	6,790	6,516	+4	\$33,617.6	\$31,789.8	+6
Maine	327	332	—2	1,047.7	867.0	+21
New Hampshire ...	229	256	—11	734.6	749.1	—2
Vermont	79	48	+65	347.8	231.8	+50
Massachusetts	3,725	3,888	—4	19,531.0	20,921.3	—7
Rhode Island	872	689	+27	3,701.8	2,552.3	+45
Connecticut	1,558	1,303	+20	8,254.7	6,468.3	+28
Middle Atlantic	36,380	36,158	+1	156,919.8	148,814.0	+5
New York	28,721	29,293	—2	113,823.6	111,149.7	+2
New Jersey	2,586	2,831	—9	15,026.0	16,006.9	—6
Pennsylvania	5,073	4,034	+26	28,070.2	21,657.4	+30
East North Central	20,680	18,385	+12	103,596.6	98,887.3	+5
Ohio	5,402	5,355	+1	28,060.5	28,763.0	—2
Indiana	2,267	1,081	+110	8,474.5	4,174.7	+103
Illinois	3,431	3,766	—9	21,260.7	21,689.9	—2
Michigan	7,419	4,800	+55	35,964.9	25,718.8	+40
Wisconsin	2,161	3,383	—36	9,836.0	18,540.9	—47
West North Central	7,249	6,004	+21	26,550.2	21,030.4	+26
Minnesota	1,959	1,435	+37	8,247.8	5,825.4	+42
Iowa	1,129	995	+13	4,416.8	3,372.7	+31
Missouri	2,026	1,824	+11	7,458.8	6,780.9	+10
North Dakota	149	131	+14	504.2	338.1	+49
South Dakota	269	291	—8	530.7	490.1	+8
Nebraska	768	453	+70	2,539.5	1,690.5	+50
Kansas	949	875	+8	2,852.4	2,532.7	+13
South Atlantic	16,945	14,672	+15	58,657.9	51,409.2	+14
Delaware	138	203	—32	761.0	1,010.0	—25
Maryland	1,519	962	+58	5,874.9	3,791.6	+55
District of Columbia	4,703	4,582	+3	18,151.0	17,612.2	+3
Virginia	1,373	1,185	+16	5,361.2	4,511.7	+19
West Virginia	993	620	+60	3,499.1	2,390.6	+46
North Carolina	2,263	1,575	+44	6,541.7	4,512.3	+45
South Carolina	803	1,047	—23	2,224.2	3,604.4	—38
Georgia	1,523	989	+54	3,756.8	2,817.7	+33
Florida	3,630	3,509	+3	12,488.0	11,158.7	+12
East South Central	4,604	4,699	—2	11,421.3	17,184.1	—34
Kentucky	1,011	1,380	—27	2,975.0	5,851.0	—49
Tennessee	1,586	2,280	—30	4,633.1	8,935.5	—48
Alabama	982	594	+65	2,135.0	1,113.6	+92
Mississippi	1,025	445	+130	1,678.2	1,286.0	+30
West South Central	10,789	9,953	+8	32,097.4	27,655.7	+16
Arkansas	345	265	+30	936.8	730.6	+28
Louisiana	1,181	1,003	+18	3,743.4	3,110.8	+20
Oklahoma	1,730	1,775	—3	5,845.0	6,024.4	—3
Texas	7,533	6,910	+9	21,572.2	17,789.9	+21
Mountain	3,616	2,767	+31	12,182.7	9,097.9	+34
Montana	451	467	—3	1,129.6	1,040.4	+9
Idaho	203	232	—12	608.3	678.0	—10
Wyoming	155	136	+14	571.8	574.4	—1
Colorado	1,279	850	+50	4,717.1	3,319.5	+42
New Mexico	369	325	+14	962.0	785.1	+23
Arizona	328	283	+16	1,163.1	1,036.3	+12
Utah	688	369	+86	2,333.5	1,124.5	+108
Nevada	143	105	+36	697.3	539.7	+29
Pacific	24,810	18,799	+32	92,601.0	68,434.9	+35
Washington	1,811	1,275	+42	6,448.0	4,086.5	+58
Oregon	1,260	601	+110	4,637.6	2,223.3	+109
California	21,739	16,923	+28	81,515.4	62,125.1	+31
UNITED STATES	131,863	117,953	+12	\$527,644.5	\$474,303.3	+11

Business Week

Much
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%
Change

9.8 +6

7.0 +21

9.1 -2

1.8 +50

1.3 -7

2.3 +45

8.3 +28

4.0 +5

9.7 +2

6.9 -6

7.4 +30

7.3 +5

3.0 -2

4.7 +103

9.9 -2

8.8 +40

0.9 -47

0.4 +26

5.4 +42

2.7 +31

0.9 +10

8.1 +49

0.1 +8

0.5 +50

2.7 +13

2.2 +14

0.0 -25

1.6 +55

2.2 +3

1.7 +19

0.6 +46

2.3 +45

1.4 -38

2.7 +33

1.7 +12

1 -34

0 -49

5 -48

6 +92

0 +30

7 +16

6 +28

8 +20

4 -5

9 +21

9 +34

4 +9

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5 +58

3 +109

1 +51

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Smokes to Socks

Schulte Corp. pulls the chain cigar store into the variety business to widen market.

At the beginning of the century the old-fashioned tobacco shop, with its wooden Indian out front, was giving way to a brash newcomer, the chain cigar store. Today the chain cigar store starts to bow out in favor of the specialty shop.

Last week Schulte Retail Stores Corp. opened up the first of its new corner specialty stores, at Broadway and 86th St. in Manhattan. The original cigar store on that site has been converted into a larger shop carrying not only cigars but ties, socks, suspenders, games, toiletries, magazines, electrical appliances, etc. By the middle of December two more Schulte stores will be so converted, with still another two scheduled for January.

In reorganization proceedings under section 77b of the Bankruptcy Act for more than a year, the Schulte stores are thus making their first real attempt to recoup the volume of business lost as a result of a variety of other stores taking to tobacco.

With \$150,000 being spent on the expansion program, and Stanley Roth, former director of the Golden Rule department store in St. Paul, in charge, the Schulte stores believe they have arrived at an innovation in corner store merchandising.

Each new shop will use from two to four more clerks than in the cigar store units. Each will have a wide selection of popular-priced merchandise, appealing mainly to men, and will present it in such a way as to make selection easy. Both nationally advertised and private brands will be stocked. And "standard brands," says Mr. Roth, "will be sold at standard prices . . . we are not trying to do a predatory, price-cutting business, but a creative job."

Wood Gas Gains

Europe's effort to lower cost and cut imports of motor fuel increases use of substitute.

MORE than one-third of Britain's gasoline and fuel oil supplies comes to England through the Mediterranean. France now relies heavily on crude petroleum supplies carried through the Mediterranean from the Mosul field. Germany produces at home one of each four gallons of gasoline consumed; must bring the balance from Rumania and the Americas. Italy has no oil at home to speak of, though Italians virtually control the small fields which are being exploited in neighboring Albania. The rest of her supply comes from Rumania,



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Soviet Russia, and Iran, as well as the Americas.

Fear that war may cut off these supplies of crude petroleum, the desire to reduce the national dependence on imported gasoline—particularly because of the increasing mechanization of army equipment and high costs—are driving a number of European countries to new efforts to provide themselves with synthetic substitutes which can be provided wholly within their own borders. Gasoline sells for about 66¢ a gal. in Italy, for 60¢ in Germany, for about 38¢ in Britain, and 37¢ in France.

Of the substitute fuels, wood gas is making some of the most striking gains.

Italy Takes Action

Since the end of last year, the Italian government—frightened by the realities of the situation which developed when economic sanctions were applied during the Ethiopian campaign—has decreed that all buses, whether publicly or privately owned, must be driven by producer gas generated on the vehicle or by compressed coal gas.

In France, a decree was introduced in September under which all public transport companies with a minimum of 10 vehicles will be compelled after July 1, 1939, to convert at least 10% of their vehicles to run on wood gas.

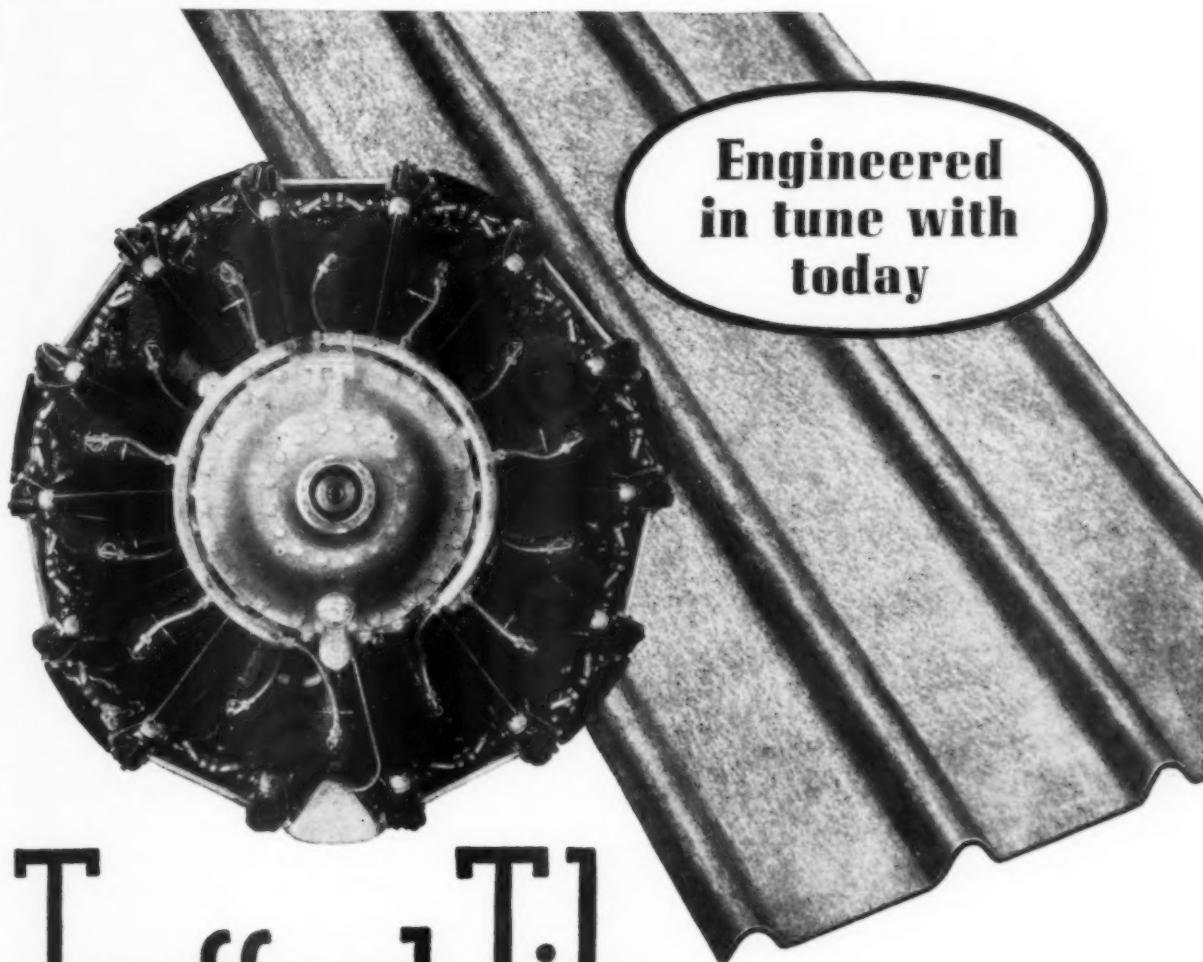
In Italy and Germany, subsidies are offered to makers of vehicles driven by wood gas for each vehicle sold, and also to private owners of cars for conversion from gasoline to wood gas. In Germany, the subsidy is as high as \$240 a vehicle. In Italy, the maximum runs to as much as \$470.

In developing wood gas, the fuel may consist of any type of wood or wood waste, preferably of low resin content, though charcoal is more satisfactory owing to the absence of tar and because its high calorific value gives a higher mileage to the pound.

Wood Gas Cuts Costs

Experiments carried out in several countries have shown that 20-24 lb. of wood or 10-12½ lb. of charcoal can produce power equivalent to one gallon of gasoline. Since in most European countries gasoline is subject to heavy taxation, while both wood and charcoal are readily obtainable, the use of wood gas shows a substantial saving in fuel costs, often as high as 75%. Also, when the cleaning and filtering apparatus is efficient, there is very little carbon deposit in the cylinders and maintenance costs are claimed to be no heavier than with gasoline.

On converting an engine from gasoline to wood gas there is, owing to the lower calorific value of the latter, a loss of power amounting to 20-25%. This can be partially remedied by increasing the compression ratio to about



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7:1. Another disadvantage of wood gas is the time required for starting up—5 to 6 minutes with the best type of equipment. Several firms, including Renault in France, provide for the use of gasoline in starting a car, and for mixture of gasoline and wood gas when additional power is required.

The use of briquetted charcoal has been suggested in order to reduce the bulk of fuel carried and to extend the range between refueling, but this increase in costs cuts the advantage of the synthetic fuels. Germany now has a chain of "fueling" stations along the main highways near cities to supply

wood or charcoal, in bags of standardized weight.

In England, though no special inducements have been offered to encourage the use of wood gas, two firms manufacture "gasogenes." They are the Koala Producer Gas Plant Co., and High Speed Gas (Great Britain) Ltd.

Important developments have also taken place in China and India where the cost saving is important in bus operation. In China, four companies manufacture gasogenes and several hundreds of charcoal-gas buses were in use in Shanghai, Hangchow, and Nanking before hostilities disrupted service.

Garvan Dead, Who'll Carry On?

American dye industry and others began on patents of the Chemical Foundation, which he established. Now that he is gone, the future is clouded.

SINCE the death of Francis Patrick Garvan on Nov. 7, executives of many companies have wondered, "Now what is going to happen to the Chemical Foundation?"

It was Garvan's driving personality, and frequently money out of Garvan's pocket, that made the foundation a force in American industry. The organization is a corporation with stockholders who own it. But since the day he created it, the Chemical Foundation has been largely Francis P. Garvan. Now that he is gone and the income from seized German patents dwindles (as their time limits run out) the future becomes clouded with question marks.

A grant from the Garvan fortune (left to Mrs. Garvan) would help the foundation carry on. She is tremendously wealthy in her own right, is deeply interested in foundation activities. Perhaps other rich men will contribute to the work.

The National Farm Chemurgic Council is one of the Garvan enterprises that would like to know where it goes from here. Since it was formed in 1935, it has received \$860,000 from the Chemical Foundation. The petroleum industry has commented fretfully upon the chemurgic idea of forcing alcohol (made from farm produce) into gasoline mixtures through favorable state tax differentials (*BW*—Apr 11 '36, p30). Folk with capital in Canadian paper mills disliked Dr. Charles H. Herty's foundation-sponsored experiments on pulp from Southern pine.

Mr. Garvan's answer was that individual industries had no right to stand in the way of the national welfare. He wanted to build up farm income with an alcohol-gasoline mixture as our petroleum reserves diminish. He was more interested in creating new wealth and newsprint self-sufficiency via South-

ern pine than in protecting investments in Canada. He hoped to create an industrial market for the produce of 50,000,000 American acres, make new jobs for 5,000,000 persons, boost gross rural income from \$10,000,000,000 to \$15,000,000,000 within 10 years.

A break-down of Chemical Foundation contributions as of last May to the Farm Chemurgic Council throws light on immediate objects. It includes \$201,100 for organization of the council and education, \$5,000 for tung oil research, \$275,300 for power alcohol research and demonstration, \$282,000 for Savannah pulp and paper laboratories, \$51,800 for cellulose experiments, \$29,500 for hemp research, \$10,300 for sweet potato research, \$5,000 for soy bean research. Headquarters of the council are at Dearborn, Mich., and Henry Ford is one of the industrial leaders interested in its work.

Broke German Monopoly

On the death of Mr. Garvan the chemical trade press was unanimous in praise of his part in creating the present American industry. There were particular citations of the fact that he broke the German monopoly on synthetic dyes and important drugs. These were the feats not of an industrial chemist but of a lawyer.

Mr. Garvan was born in East Hartford, Conn. His father left him a fortune made in paper manufacturing. He married the daughter of Nicholas Brady, utility-banking-copper magnate of Albany, N. Y. Soon after graduating in law he became an assistant district attorney of New York County under William Travers Jerome. He took part in famous murder trials, including that of Harry Thaw.

During the war Mr. Garvan became chief of the U. S. Bureau of Investiga-

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• K. D. Carpenter, treasurer, Arkansas-Missouri Power Corporation, says: "I don't have to rest up after a long business trip, because I always go by Pullman. It keeps me fit for each business day. The courtesy and efficiency of Pullman employees under all circumstances amazes me."



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Bruno Schwill, New York financier, writes: "It is a real pleasure to write about The Pullman Company and its employees. Notwithstanding all their difficulties in looking after the comfort of all their passengers, they have always made my family, as well as others, feel that it is a real pleasure for them to do what they can for their passengers."

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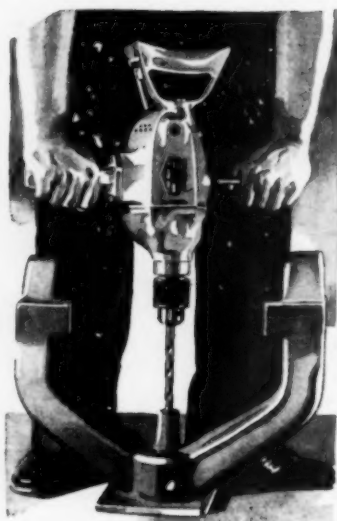


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tion and later Alien Property Custodian. His chemical activities began in the latter job. The government had seized vital German patents registered with it. Mr. Garvan resigned his post and formed the Chemical Foundation, Inc., which, with President Wilson's sanction, took over the German processes.

The foundation paid the government \$271,850 for 4,813 patents, 281 applications for patents, 876 trademarks, 492 copyrights and rights related to chemical patents. Most important were the dye formulas which were the foundation of the present American dye industry. From this field the foundation drew most of its stockholders who paid in \$428,900.

The foundation pledged itself to use funds received from licensees to build up America's chemical industries. By the terms of the incorporation Mr. Garvan, the president, served without salary and so did the vice-president. The voting power was trusted. Dividends were limited to 6%, and incidentally none were ever paid.

Other Important Formulas

Next in importance to dyes, the processes taken over covered medicines and metallurgical formulas. One was salvarsan, the cure for syphilis. Others divulged the formulas for synthetic flavors, synthetic ammonia, synthetic wood alcohol, synthetic tanning materials, novocaine, stainless steel, chromium-nickel, duralumin, the Bergius process for making crude oil from coal by hydrogenation, sewage disposal tanks, the cyclotron device for studying the structures of atoms.

In many instances these were basic patents in which there remained bugs to be worked out. Starting from this point many American companies developed the formulas to commercial perfection. In some cases our chemists produced results superior to the original patent holder's. Most of the German patents have expired.

The end of the war loosed a flood of pent-up criticism. And the Chemical Foundation came in for its share. It was charged that the government got only \$271,000 for patents worth millions. The climax was a suit in which the federal government sought to force the return of the patents from the Chemical Foundation. A U. S. district court decision said:

"The plaintiff . . . asserts, and the fact is not disputed, that the price for which the property was sold was far less than the property was worth to the Germans from whom it was seized. It asserts that the conditions of the sale were partially destructive of the selling value even to American citizens. This is likewise conceded."

The foundation's answer was that the sale was necessary to safeguard the public interest, that as a fiduciary corpora-



BENEFICIARY—One of the projects sponsored by the Chemical Foundation was the experiment of Dr. Charles H. Herty to find new uses for Southern pine pulp.

tion it had administered the patents to build up American industry. Mr. Garvan and the Chemical Foundation triumphed all down the line. The row was settled in October, 1926, when the Supreme Court decided in their favor.

The foundation has a wide interest in the cure and prevention of disease. Both Mr. and Mrs. Garvan gave large sums from their own funds for this purpose. Some of the subjects of research have been common colds, leprosy, streptococci, tuberculosis, cancer, sinus, diabetes, children's diseases, muscle diseases, whooping cough.

The organization has distributed over 30,000,000 pieces of educational literature. More than 300,000 copies of Slosson's *Creative Chemistry* have been sent out. Another activity has been essay contests and chemistry scholarships for promising youngsters.

A Man With Vigorous Views

Mr. Garvan was a red-headed fighting man with vigorous views which he backed to the limit. He was an economic nationalist, believing that the resources of the United States should be fully developed to make the country self-contained. Though he thought this should be accomplished through individual enterprise, he cooperated with federal and state scientific agencies.

With the future in doubt, interests which the Chemical Foundation has antagonized may re-attack. But the American chemical industry will defend the organization which helped start many of its products.

Vegetable, Nut Sales

California growers discover crops should be dressed up. Lettuce wears brassiere.

CALIFORNIA growers of vegetables and nuts are falling fast for the idea that when crops go to market these days they must be well-dressed.

Success of the iceberg lettuce campaign by the Western Growers Protective Association (BW—Jul 17 '37, p25) and, later, of a similar effort for "Sweet Eatins" melons, apparently has resulted in a vogue for dressing up even the most prosaic of the crops. Carrots and broccoli are next on the list of W.G.P.A. trademark campaigns.

At meetings of growers this fall there is a great deal of discussion about the need for aggressive merchandising, especially in the light of the W.G.P.A. experience with lettuce. The campaign revealed, for instance, that lettuce sold faster after a colorful paper band (called a brassiere by the trade) was placed around the head with the trademark "Crisp Eatins' Iceberg Lettuce." On tests where part of the heads were displayed with the brassiere, and part without, housewives would dig into the piles for the heads that were trademarked.

Bowl Makers Cooperate

The energetic California Walnut Growers Association, faced with the job of selling the largest crop of walnuts in its history, will use "walnut bowls" this winter in the hope that housewives can be persuaded to keep a bowl of walnuts always available in the kitchen and dining room. About 150 bowl manufacturers are cooperating, sensing a ready-made opportunity to increase sales of tableware. A few of them are designing special bowls for the campaign. Several thousand retail and wholesale dealers in tableware and jewelry are in on the deal also. In cooperation with their neighbor-grocers, they will feature window displays of bowls (filled with walnuts) and the directions "Buy your bowl here, buy the walnuts at the grocery next door." Grocers' displays will reverse the suggestion.

The walnut growers' group has hired a force of merchandising men to help brokers and retailers in the better display and sale of walnuts, thereby taking a leaf out of the book of the veteran Sunkist cooperative and the younger organization of the avocado producers, Calavo.

Incidentally, the demand for merchandising specialists to assist Eastern brokers and store groups in selling California farm products is so great that there is some talk of establishing schools in the Golden State to train men for the work.

Kimpak
CREPE WADDING
Protects America's
"Best Sellers"
against shipping
damage

ZENITH RADIO... a BEST SELLER protected by KIMPAK

When shipped or stored, the fine finish and delicate woods of this beautiful \$750.00 twenty-five-tube Zenith Stratosphere Radio are protected by KIMPAK Crepe Wadding.

...

● You can be sure your product will reach the dealers' showrooms in first class condition when you protect your shipment with KIMPAK Crepe Wadding. And first class condition means quicker sales and more profits for you... You'll find a size and thickness of KIMPAK to protect your type

of merchandise. This economical modern crepe wadding is clean, light, absorbent, flexible, and as easy to use as a piece of string. Learn how KIMPAK can solve your shipping problems, just write us for free portfolio of samples. Please address nearest office on your letterhead.

KIMBERLY-CLARK CORPORATION, Neenah, Wisconsin

Sales Offices: 8 S. Michigan Ave., Chicago; 122 E. 42nd St., New York City; 510 W. 6th St., Los Angeles

FOR SALE

Industrial Properties

Subsidiary Companies of UNITED STATES STEEL CORPORATION are selling surplus industrial properties. These are located in or near Pittsburgh, Chicago, Birmingham, Duluth, Detroit, Cleveland, Boston, New York, Los Angeles, Portland (Oregon), and several other industrial centers.

● If your expansion program contemplates additional sites for manufacturing and distribution, this offering merits your investigation.

Address: A. C. WILBY, care of

**UNITED STATES STEEL CORPORATION
SUBSIDIARIES**

208 South La Salle Street, Chicago, Illinois



FEATURED in department store advertising, Dedon's molded Durez beauty kit is light in weight, a miser on space, contains a different beauty preparation in each of its four or more compartments.



HERRESHOFF, internationally famous yacht builder, gave plywood a series of exhaustive tests, then adopted Durez-resin-bonded plywood as standard equipment for decking, bulkheads and fittings. Reasons: greater strength and ability to withstand weathering.



"New" appearance for years to come—that's the reason Durez was used for the housing on this modern shave-mirror combination. Abuse, constant handling, water and soap have no effect on the hard, lustrous surface.



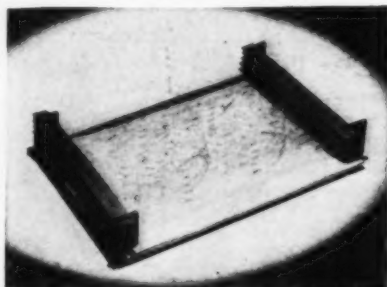
WASHABLE, almost everlasting, Kem's new playing cards are packaged in an everlasting molded Durez box. The container is appealing, carries molded-in trademark and helps to sell the quality of Kem bridge decks.

Durez resins and molding compounds are used by industry for thousands of varied products and advantages. For further information and free monthly "Durez News" write General Plastics Inc., 1111 E. Walck Road, North Tonawanda, New York.

DUREZ PLASTICS

New Products—New processes, new designs; new applications of old materials and ideas.

THERE have been many attempts to make three-dimensional charts and graphs, but most of them have bogged down because the transparent sheets needed in getting that third dimension



Celluloid Corp.

were not transparent enough. J. Zellon of the U. S. Weather Bureau in Pittsburgh is now using successive layers of Protectoid, a thermoplastic produced by Celluloid Corp., 10 E. 40th St., New York, to chart varying air currents at different altitudes for aviators and gliders. This material is so transparent that ten layers can be used without losing visibility of the markings on the bottommost sheet.

MOST recent of many "slide rules" to come from Don Graf, 330 W. 42nd St., New York, is an "Exposure Debunker" for amateur and professional camera addicts. Twirl two dials to secure optimum shutter speed and aperture opening for any set of conditions including outdoor shots, stop-motion shots, indoor shots day and night. It will even tell the size and number of Photoflood bulbs to use and where to place them. As editor of *Pencil Points' Data Sheets*, Mr. Graf has produced, among other such devices, a heating cost calculator for Iron Fireman and an acoustical slide rule for Armstrong Cork.

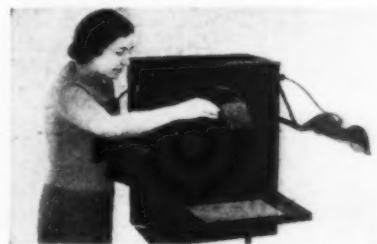
FOUR more General Electric sodium vapor lights have been installed in the Cedar Hill Yards of the New Haven Railroad to provide better visibility in foggy weather. A trial installation convinced the railroad that the light's characteristic golden glow is effective in fog and smog.

THE principle of throwing abrasives by centrifugal force instead of by the more conventional air blast is being extended in a "Wheelabrator Tablast" for cleaning small castings, forgings, and stamped metal parts. As designed by American Foundry Equipment Co., 555 Byrkit St., Mishawaka, Ind., the device consists of a number of independent

rotating tables mounted on a spider which carries them automatically under the blast zone. After the abrasive has been thrown with sufficient force to perform a thorough cleaning job, it then returns automatically to the whirling abrasive thrower for further cleaning cycles.

SPECIALIZING in the production of protective coatings for building maintenance, Continental Products Co., Euclid, O., has developed "Sleek," a new phenolic-resin-base enamel for any interior surface of a building or any equipment which is subjected to frequent washing with water and soap or other detergents. Explanation of its one-coat covering power lies in the use of titanium oxide as pigment. Explanation of its easy brushing lies in a newly compounded vehicle which dries overnight to a gloss finish free from brush marks and resistant even to alcohol.

AFTER a thorough trial in several commercial photograph studios, the portable "Foto-Copyer" is being offered for general business and professional use by



Business Week

Duplico Corp., 28 E. 22nd St., New York. Focus, lights, and diaphragm are "fixed" so that the average office boy or girl can make facsimile copies, reductions, or enlargements of printing, typing, writing, and pictures at the rate of 75 per hour.

APPRECIATING the need for a metal cutting material midway in characteristics and cost between high speed steel and the twin carbides, tantalum and tungsten, Fansteel Metallurgical Corp., North Chicago, Ill., is beginning to introduce its new "Tantaloy," a tantalum carbide compound possessing high degrees of toughness and resistance to abrasion and cratering. Its medium price should make tools tipped with it available for short runs and maintenance operations as well as production. It is also recommended for wearing surfaces on gauges, and lathe centers, as well as for the general field of abrasion and corrosion resistance.

The Dawn of a Great Beauty Discovery!



Now Search *grrr* for the details of
 FILTERED N-VALUE™ in *Woolmark's Journal Soap*
 to find out how to use it.

[illegible]

Vitamin Ads Under Fire

Federal crackdown on a Vitamin D soap emphasizes charges of exaggerated cosmetic promotion, and presages more government attacks.

COSMETIC companies which have been reckless with advertising claims of miraculous results from adding vitamins to their mixtures, are now wondering if they shouldn't have heeded early warnings. It looks as if the federal government is going to start shooting.

On Nov. 13 the Federal Trade Commission announced that the Los Angeles Soap Co. had agreed to discontinue misleading representations for its Cosray Vitamin D Soap. The company had stated loudly and lyrically that this soap would enable beauty seekers to smooth out premature wrinkles, reduce over-size pores, erase blackheads and pimples, restore youthful cuticle color. The complaint against Cosray held it impossible for the skin to absorb any appreciable amount of a vitamin from soapings, that Vitamin D (the "sunshine vitamin") has no effect on the skin.

Recent releases from the FTC are all broken out with stipulations of advertisers who renounce wild claims for vitamins in foods or drugs for man and beast. The Cosray case is significant. It suggests that the drive has been widened to take in cosmetics.

Los Angeles Soap Co. is important but not one of the biggest. The move against it suggests a familiar line of FTC strategy. The FTC likes to proceed against very powerful adversaries only after it has a series of victories against smaller companies charged with similar missteps. If the bigtimers re-

treat to the courts, the FTC is then in a position to say:

Other companies in the field have agreed to stop the practice. This indicates that it is considered out of bounds by the industry. Moreover, it is unfair for a large corporation to continue the use of a sales device against smaller competitors which have agreed to reject it.

Companies Like Vitamin Angle

Cosmetics companies agree that the vitamin angle is a honey. There is no indication that this type of copy will be voluntarily discarded. A current headline shouts in behalf of Pond's beauty creams that they bring "to women the active 'Skin Vitamin.'"

The hard-hitting *American Medical Association Journal* quotes a Woodbury soap ad which trumpets the "dawn of a great discovery." It assures an eager feminine world that the skin will soak up the "'filtered sunshine' element—the Vitamin D ingredient—from rich, creamy lather" produced by the soap.

Many ads claim the backing of scientific tests. There are certain points in favor of the advertisers in the forthcoming showdown. Vitamins are a comparatively recent discovery; the word was unknown 25 years ago. Science has not had time to explore all the mysteries or to settle all the arguments involved.

The cosmetics industry is heading for the issue with its eyes open. Last May Dr. H. Gregory Thomas, director of

Now this New Cream with
"Skin-Vitamin"
Helps Women's Skin More Directly



SCIENCE LENDS A HAND as the cosmetic manufacturers exploit the popular appeal of the health-giving vitamins. Woodbury's Soap showed the way in April, 1936, but its first "filtered sunshine" advertisements contained only delicate allusions to Vitamin D. Now Pond's Face Cream states its health claims boldly and bluntly, supporting them with testimonials from such well-known women as Eleanor K. Roosevelt (not to be confused with another Eleanor Roosevelt.) But the Federal Trade Commission is beginning to look askance at this vitamin copy.

the Board of Standards of the Toilet Goods Association, spoke loudly and clearly before the organization's annual convention. Here are some excerpts:

"There has not been published to date in any American scientific journal such adequately controlled experimental work as would afford serious scientific evidence of the value of Vitamin D to the skin."

"A leading vitamin manufacturer has stated that . . . 'frankly it appears from available literature that the best argument for adding Vitamin D to cosmetics is from an advertising standpoint.'"

"Vitamin A . . . is a most necessary element in skin health, but it has not yet been shown that it can be absorbed unless there is a lesion of the skin."

Dr. Thomas reminded his hearers of the dangerous use consumer organizations can make of unwarranted advertising claims, of attacks from the American Medical Association, of distrust of the industry on the part of food and drug officials. He warned that "false advertising claims which purport to deceive, without deceiving, only result in a storm of unfavorable criticism."

There is a distinct cleavage in the field of vitamin advertising and both sides are under attack: (1) food and drug interests are criticized for extravagant results claimed from taking vitamins internally; (2) the cosmetics industry is censured for unproven



LOCATE *your plant* IN JERSEY CITY

Nine major railroads, modern highways, eleven miles of water front, fifty steamship lines, ferry service, and the Holland vehicular tunnel make Jersey City an economical distribution center for manufacturers selling to the metropolitan market and throughout the world.

Three minutes from down-town Manhattan, Jersey City is located in the heart of the country's No. 1 market. It is also accessible to all raw and partly finished materials and supplies used in manufacturing. It has access to an almost unlimited labor market, and offers manufacturers low rates for all essential services. Taxes are low, because the city has been operating on a pay-as-you-go basis. New Jersey has no state income tax and normally no franchise taxes. Jersey City has a stable and friendly city administration that has been in office for 24 consecutive years.

Business or industry interested in becoming established or resettling in a location offering the greatest number of advantages, are invited to study Jersey City.

For specific information as to what advantages Jersey City offers as a location for your business, write or wire Mayor Frank Hague, City Hall, Jersey City, N. J., for a copy of the booklet entitled, "Jersey City Has Everything for Industry."

JERSEY CITY *has Everything* **FOR INDUSTRY**



claims concerning the application of vitamin mixtures to the skin.

Vitamins date from discoveries by Dr. Casimir Funk, a Polish biochemist, in 1912. Roughly, Vitamin A protects against general infection and eye diseases, B against nerve disorders and beri-beri, C against scurvy, D against rickets, E against sterility in animals, G against pellagra. (Vitamin F, so called, has been discredited.)

The value of vitamins in certain foods and drugs has been dramatically demonstrated. Various agencies contributed to the discoveries. University of Wisconsin experiments resulted in the formation of the Wisconsin Alumni Research Foundation. It licenses a group of powerful companies which produce concentrates or impregnate food and drugs with Vitamins A and D. Vitamin B was finally isolated last spring by Dr. R. R. Williams, of the Bell Telephone Laboratories.

Working for years in the Eastman Kodak laboratories, Rochester, Dr. Kenneth C. D. Hickman recently developed a new molecular distillation process for a cod liver oil (Vitamin D) concentrate. It is economical and opens new vistas for vitaminizing because it is almost odorless and tasteless. Eastman has called in General Mills to help exploit the Hickman discoveries. First sales were made through General Mills' subsidiary, American Research Products.

Backs Research on Vitamin E

General Mills is also backing research on Vitamin E at the Universities of Minnesota and Southern California. Last year the American Medical Association reported that it could find no proof that this vitamin's anti-sterility qualities affected any life other than animal. The new experiments hope to determine the effect, if any, on humans.

The Wisconsin Foundation has been cautious with its licenses. Under its patents, vitaminization in the form of a tasteless oil is produced by General Foods, Standard Brands, General Mills, and others. Firms using Wisconsin Foundation processes to vitaminize products include five pharmacy corporations, five evaporated milk concerns, 130 fluid milk companies, many bakers.

Merck is considered the largest producer of Vitamins B and C. Competing with it in the production of vitamin concentrates are Squibb; Sharp & Dohme; Parke-Davis; Abbott Laboratories; Mead; Johnson & Co.; Ely Lilly & Co.; Winthrop Chemical Co.

Producers of vitamin concentrates can't be expected to police the use buyers make of them or to censor their advertising. Just the same they are concerned over the trend to extravagant claims and opposition so aroused. An airing of flagrant violations is apt to provoke skepticism of products that have no part in the arguments.

IRST CAME STEEL... *then* COP-R-LOY



Your Plumber is Your Friend...

...the craftsman who wields the wrench as well as the Master Plumber who guides your selection of materials. Both will tell you there is extra protection and extra economy for your plumbing and heating system in the greater durability of COP-R-LOY Pipe, made of a famous metal especially compounded to combat rust and corrosion. Builders, engineers and industrial users have tested the endurance of COP-R-LOY Pipe and select it for important projects where corrosive elements are of the severest and *where service must not fail*. Winter time is usually trouble time for pipe. Avoid pipe ills by consulting your plumber on necessary repairs. As an expert who knows materials and as a business man who values your good will, he will recommend COP-R-LOY Pipe for the *better* and *longer* service it will deliver to you. Your plumber's service is backed by that of leading distributors who carry complete stocks of Wheeling Steel Pipe and COP-R-LOY Pipe. It's Wheeling Steel.



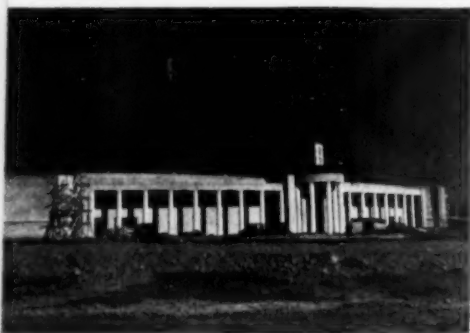
Copyright 1937, by Wheeling Steel Corporation, Wheeling, West Va.

COP-R-LOY IT'S WHEELING STEEL

Reg. U.S. Pat. Off.



The Administration Building, directing center of the fair, is already well landscaped.



Above, a view of the many-columned Shelter Building. Below, the Hall of Communications.



A closeup of the main entrance to the Shelter Building.



New York's Fair Progresses

A year and twenty-two weeks from its scheduled opening, New York's World's Fair of 1939 is startlingly advanced. Fair officials say that work is a full month ahead of schedule, that investments in actual construction and commitments may reach \$20,000,000 by the end of the year.

Site of the fair is a 1,200 acre tract on Flushing Bay, Long Island, some 20 minutes from mid-town New York. Much of the site was a marsh, and early construction took the form of drainage work and fill-in. Jobs now under construction include eight exhibit buildings, erection of steel for the Perisphere and Trylon, planting of trees, and laying of water and gas mains and sewers.

Only building completed is the Administration Building (at top of page), dedicated in mid-August.



Hard at work on a November day, with tons of buildings hinting the finished



This novel bridge is one of the entrances to the Administration Building.



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Strikers Strike Timing Trouble

Radicals in tire and motor unions sit down on sharp fact that economics are now against them. But they may be hard to hold.

BUSINESS readers who followed the "new labor movement" and the big strikes of the past two years in the headlines, and who read reports from two big basic industries this week, might be excused for thinking that history was repeating itself. Akron and Detroit were boiling with labor troubles.

There was, however, this notable difference: the big rubber strikes of 1935 and 1936, and the automobile strikes of last winter, came during a period of rising business, expanding production, and "good times." At present, the business outlook is not so rosy, and if labor followed the usual course it would sit quiet until the curve turned upward.

Not only is such reasoning accurate from business management's point of view, but it is actually the answer to the pre-Thanksgiving change of mind on the part of the Goodyear and General Motor strikers, who listened to their union leaders—at least for the time being. How long the argument put up by John House of the Goodyear union and Homer Martin of the United Automobile Workers will stick, is a matter of conjecture.

The first Goodyear sitdown in about nine months came at a time when business was slack, production was badly curtailed, and finished tires were plentiful. As early as September, manufacturers had about 12,000,000 casings on hand—twice the normal number. Layoffs had been going on for some time, not only in Akron but elsewhere in the rubber plants. Consequently, the Goodyear hot-heads were sitting down at a time when the management didn't much care.

Problem of Morale

House and the other union leaders in Akron realized this, but had a tough problem in maintaining morale. "What's the union going to do about it?" has been heard with increasing frequency as layoffs continued. Then came the municipal election, which saw the union slate defeated and Mayor Schroy re-elected. Union self-confidence hit bottom.

But the labor leaders succeeded in selling a "don't strike now" plan to the sitdowners, and the trouble ended for the time being. Meantime, Mayor Lee D. Schroy is in a rocky spot himself, inasmuch as he was elected on a wave of "bring back prosperity" sentiment, and the layoffs which came immediately after the election seemed to make a dud of this psychology.

In the automobile manufacturing area, there is the same scrap between union conservatives and radicals, in a much

bigger way. The situation is complicated by the unfinished business of making a labor agreement with G.M., by a growing independent union at Chrysler, and by the drive against Ford. What the next month or so holds is anybody's guess.

Last spring, when John L. Lewis' organization gunned for U.A.W. membership in the canyons of Michigan's automobile plants, the hunting was highly successful. Company officials and labor alike were taken by surprise. High-speed organizing tactics for that reason alone, proved ideal.

Part of the union leadership apparently assumed that it had definitely organized the industry, and impressed that idea upon its shop stewards and plant leaders. That local plant union officials got out of hand time and again was not, therefore, surprising. Attempts at back-tracking on the part of those union officials with clearer vision came rather late. Political defeats, rifts in the union, assumption of power by local officials piled one upon the other.

Course of Events at Pontiac

At Pontiac the story runs like this: Early introduction and production of 1938 models; somewhat over-optimistic estimates of fourth quarter car requirements; stocking of dealers with cars; decline in demand for additional new cars by dealers; spreading of work by cutting to seven-hour, four-day week; lay-offs of employees, as a better method than shortening hours even further; LaSalle body production transferred elsewhere prior to showtime, lightening load on Pontiac Fisher plant; strike called by small group of Fisher body workers led by radical plant leaders in protest against lay-offs; attempt to placate on the part of U.A.W. headquarters; workers return and conference called; admission of strike as of wild-cat character; refusal to discipline strike leaders by the union; discharge of leaders by Fisher Body Corp., causing abandonment of conference, since the leaders also formed the union grievance committee; calling of another sitdown in protest against their discharge; closing of Pontiac plant for second time due to lack of bodies. Meantime Homer Martin left town to visit his sick mother.

At Chrysler the U.A.W. is handicapped by two factors: the strong Independent Association of Chrysler Employees, and the union contract which prohibits demand for revision until March, 1938. A convention of Chrysler locals has been called for Dec. 4th, when

**"This will save
us \$10,000
in Surtax
and increase our
working capital"**



Again this year, many successful corporations will effect large savings, reduce Undistributed Profits Tax, and obtain added funds through a procedure that is remarkably simple.

They will distribute a large part of their earnings as dividends, then borrow cheap working capital through LAWRENCE SYSTEM. This will result in a net gain. The difference between the tax they might pay and low interest on the money they borrow will frequently save sums of \$10,000 and more in medium sized corporations.

Why not consider this financing plan for your company? By using LAWRENCE SYSTEM you may be enabled to secure maximum loans—greatly exceeding open credit limits—at lowest available commercial bank rates. Get full information before it is too late to meet the tax deadline. Write or call Department D-29 of the nearest LAWRENCE SYSTEM office, or consult with your accountant or your banker.

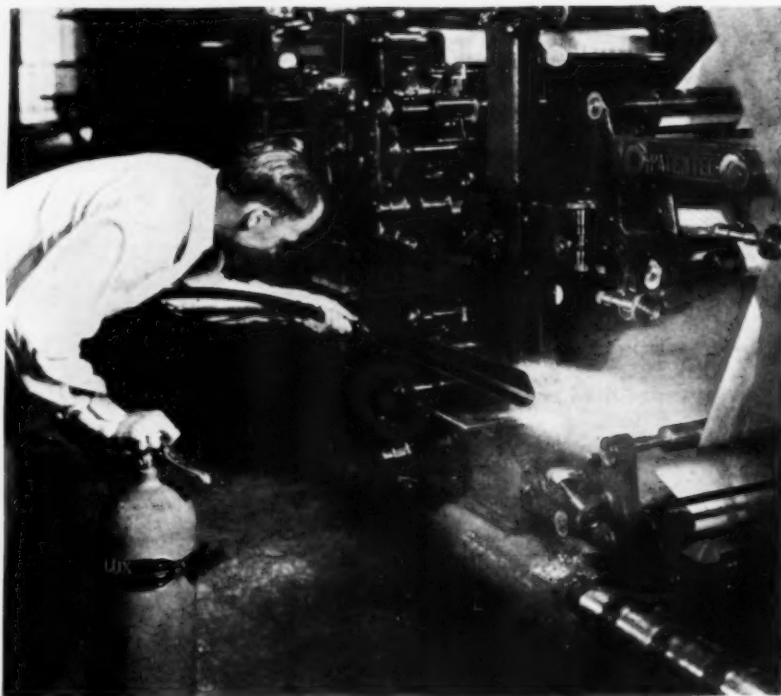


Creating Commodity Paper Against Inventory

A. T. GIBSON, President

NEW YORK: 52 Wall St. • BUFFALO: Liberty Bank Bldg.
CHICAGO: One N. LaSalle St. • BOSTON: 49 Federal St.
DALLAS: Santa Fe Bldg. • HOUSTON: 1001 Shell Bldg.
KANSAS CITY, MISSOURI: Commerce Trust Building
ST. LOUIS, MO: 1505 Federal Commerce Trust Building
MINNEAPOLIS, MINNESOTA: 835 Plymouth Building
LOS ANGELES, CALIFORNIA: Walter P. Story Building
SAN FRANCISCO: 37 Drumm St. • FRESNO: 2030 Anna St.
SEATTLE: 1014 Fourth Ave. S. • SPOKANE: 135 S. Stevens
PORTLAND, ORE: U. S. Nat'l Bank Bldg. • HONOLULU

He Couldn't Figure Out where the fire went to!



Fire blazed up in the inking rolls of the big newspaper press. The pressman pulled a Lux extinguisher from the wall, blanketed the flames with carbon-dioxide snow-and-gas. The fire went out before he realized it. (Condensed from the actual official report)

ANYONE who first sees a LUX extinguisher in action marvels at its speed in killing serious blazes . . . especially electrical and flammable liquid fires. Experience has taught plant managers that these two are foremost among all fire hazards.

Lux extinguishers get these fires out with a maximum of speed, a minimum of trouble and an entire absence of damage or mess.

Lux carbon-dioxide snow-and-gas expands 450 times in volume penetrating the entire fire area. Although Lux gas is harmless to men or mate-

rials, fire cannot live in its presence.

Lux Fixed Systems For Special Hazards

For such hazards as generators, transformers, dip-tanks, flammable liquid storage spaces, best protection is a Lux Built-in System. A battery of Lux carbon-dioxide cylinders delivers a heavy barrage of Lux snow directly to the heart of the fire area. Operates automatically or manually.

Cut fire losses, avoid costly shutdowns with Lux. Write for "Instant Death To Any Fire."



Walter Kidde & Company

524 West Street, Bloomfield, N. J.

demands for revision and exclusive bargaining rights will be voiced. In the meantime verbal attacks on Chrysler by attempting to identify the I.A.C.E. as a company union are the U.A.W. order of the day. Discharged members or former members of the I.A.C.E. are being interviewed for public propaganda purposes by U.A.W. publicists.

Vote on Utility Union

Pacific Gas & Electric employees choose between C.I.O. and incorporated union in first utility election.

THE first election among employees of an electric utility company under the Wagner Act will get under way in California Dec. 1. Watched closely by the entire power industry and by business generally, 7,600 men and women who work for the Pacific Gas & Electric Co., San Francisco, will select from among three organizations the one they want to represent them.

The P.G.&E. system, with 300 substations, 39 hydro-electric generating plants, eight steam generating plants, 14 gas manufacturing plants and other equipment, spreads over a territory larger than the whole of New England and results may not be available until Dec. 10. The 20th Regional Labor Board will have a staff of 30 men in the field to handle the vote.

Really Two Elections

There really will be two elections. One will include outside field employees, workers in generating stations, substations, gas and steam plants, meter readers, collectors, salesmen and estimators who will decide whether they want to be represented by the C.I.O. United Electrical & Radio Workers or the Independent California Gas & Electric Employees Union, an incorporated union (*BW*—Jul 17 '37, p.26) which "views with alarm" affiliation with either of the two big labor groups. The A.F. of L. union, the International Brotherhood of Electrical Workers, isn't in the scrap, and has asked that it name be withdrawn from the ballot.

By a separate vote, employees of the P.G.&E. transit property in Sacramento, will decide whether they want to be represented by one of the two unions mentioned or the A.F.L. Amalgamated Association of Street, Electric Railway and Motor Coach Employees. Many of the transit workers have joined the "independent" union or the C.I.O. group.

Membership claims made at a N.L.R.B. hearing in San Francisco last July were: California independent union, 4,565; U.E.R.W. (C.I.O.), 2,800; I.B.E.W. (A.F.L.), 500; Amalgamated, 76 (on transit system).

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No Breakdowns

With Baldwin-Duckworth roller chain on the job, you need not worry about a let-down on the long pull.



No Tangles

Baldwin-Duckworth roller chain is good insurance against aggravating and expensive production tie-ups.

Baldwin-

Coast Steel Grows

U. S. Steel subsidiary is spending \$1,250,000 in California and Utah to expand facilities.

COLUMBIA STEEL (United States Steel subsidiary on the Pacific Coast) is spending \$1,250,000 in expansion, rehabilitation, and modernization of facilities in California and Utah.

Work began Nov. 15 on a new southern California sales headquarters, a steel-framed \$150,000 office building which will be furnished throughout with steel furniture and fixtures to show customers the possibilities of steel in construction and decoration.

New equipment is being installed in Columbia's plant at Torrance, suburb of Los Angeles, including a new roughing mill, another finishing mill, and new furnaces for the jobbing plant.

Rebuilding Blast Furnace

In Pittsburg (California's Pittsburg, near San Francisco) a galvanizer for manufacture of a new-type wire is being placed in operation. The company is rebuilding and relining its blast furnace at Provo, Utah, and operations there will be resumed Dec. 1. At Columbia, Utah, the company's coal mine is being completely modernized, and installation of drilling, cutting, loading, and hauling equipment will virtually eliminate manual labor there.

Columbia's program emphasizes the fact that steel is one of the big industries on the Coast now, along with oil, lumber, agriculture, and mining. Counting the value of steel and steel products, the industry does a total annual business of some \$300,000,000.

In the last 30 years annual ingot capacity has increased from 54,000 tons to 600,000, and value of products of the rolling mills alone has jumped from less than \$5,000,000 a year to between \$40,000,000 and \$50,000,000.

Developed Despite Handicaps

Development has been in spite of serious handicaps such as a lack of coking coal and a geographical isolation which has made transportation expensive and has barred Far Western products from entering the Eastern market.

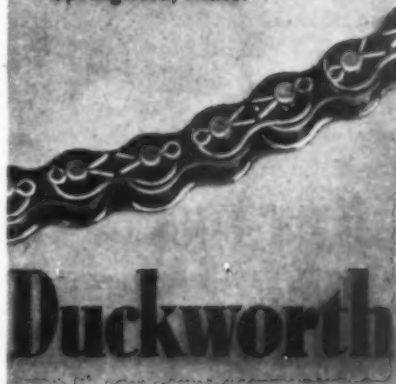
Experimenters are trying to find a substitute for the coal process which reduces iron ore to a molten state and produces the carbon used in making steel. The Coast states have plenty of iron. Steel has been made in Coast research laboratories without coking coal but not cheaply enough to be practical.

Despite these handicaps, the pioneer Coast steel companies, using scrap iron and imported pig iron as basic materials, have built up a closely knit industry that produces practically all the standard small structural shapes, hot and cold rolled sheets, tin plate, high tensile steels

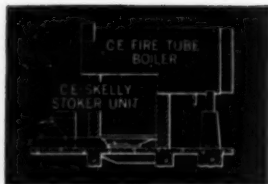


No Grab-bags

You don't have to pick Baldwin-Duckworth roller chain "blind." Our trained engineers, backed by many years' experience, help you select the best chain for the job. They will study any aspect of your power transmission and conveying problems and make profitable suggestions on stepping up production. Baldwin-Duckworth Chain Corporation, Springfield, Mass., U. S. A. Factories at Worcester and Springfield, Mass.



Duckworth



**CAPACITY—1000 LB. OF
STEAM PER HR.**

Typical C-E Unit for small boiler plants—factories, dairies, laundries, greenhouses, hospitals, hotels and buildings. 1000 such units would be required to produce the same amount of steam as the C-E Unit shown below.

M O D E R N

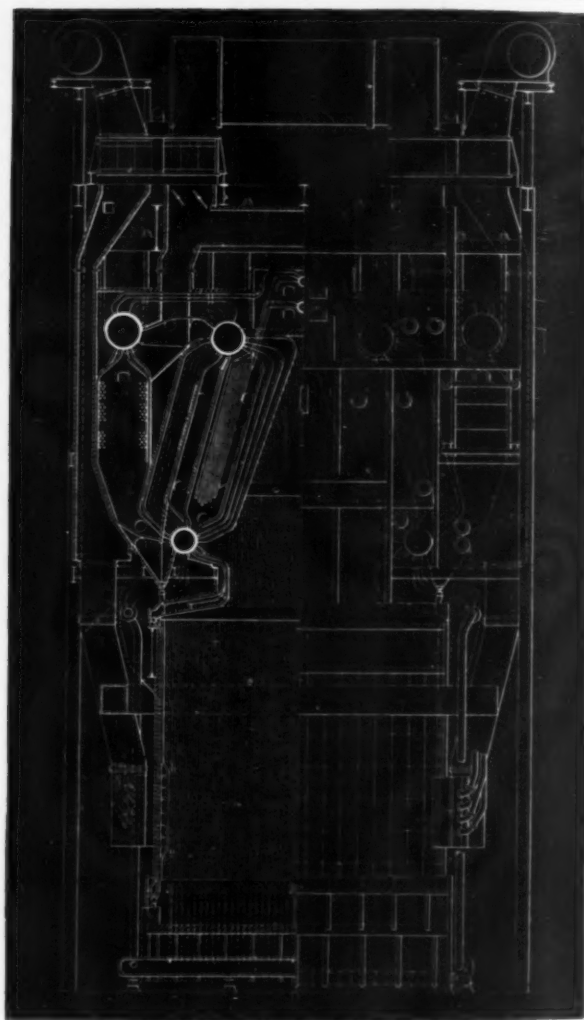
STEAM GENERATING UNITS



Combustion Engineering is the only manufacturer that has installed complete steam generating units for the range of capacities illustrated by the two units shown.

C-E Units, comprised of various types of C-E Boilers, Furnaces, Fuel Burning and related equipment, are available for all requirements within this range. C-E experience with fuel burning and steam generating problems is correspondingly broad.

You can purchase a C-E Unit with certainty that the various elements of equipment comprising it will be the types best adapted to your particular plant, load and fuel conditions. You can also be certain that your C-E Unit will produce whatever steam you need at the lowest possible cost. These are the reasons why so many leading industrials and utilities are consistent users of C-E equipment.



CAPACITY—1,000,000 LB. OF STEAM PER HR.

C-E Unit recently installed in a utility plant. This is the first and only steam generating unit in the world to be designed for the capacity indicated. Its height is equivalent to a 10-story building.

COMBUSTION ENGINEERING COMPANY, INC.

200 MADISON AVENUE, NEW YORK, N. Y. • CANADA: COMBUSTION ENGINEERING CORP., Ltd., MONTREAL

BOILERS • STOKERS • FURNACES • PULVERIZED FUEL SYSTEMS • HEAT RECOVERY EQUIPMENT
FABRICATORS of PRESSURE VESSELS, TANKS, etc., WELDED or RIVETED in CARBON, ALLOY or CLAD STEELS

and wire products. All structural shapes of more than 12 inches are still brought from the East because the Coast demand for them isn't large enough to warrant the large plant investment needed for their fabrication.

About one-fourth of the Coast's annual demand for steel products is supplied by the two largest operating companies, Columbia Steel and the local plants of the Bethlehem Steel Co., formerly the Pacific Coast Steel Co.

Operates Nail Mill

Besides the mills and mines now being improved, Columbia operates the only nail mill on the Coast, a tin plate plant, and a wire rope plant. Also, it fabricates about 262,000 tons of finished hot rolled steel products annually (tie plates, structural shapes, etc.) and 200,000 tons of galvanized sheets, tin plate, wire, and similar products.

The other "major," Bethlehem, has rolling mills in South San Francisco, Los Angeles, and Seattle, with fabricating units in Alameda (on San Francisco Bay) and Los Angeles. In addition to manufacturing all the standard steel products, Bethlehem runs the only rivet plant on the Coast. The Iron and Steel Works Directory figures Bethlehem's Coast production of steel ingots at 380,000 tons annually, and of finished hot rolled steel products at 317,000 tons.

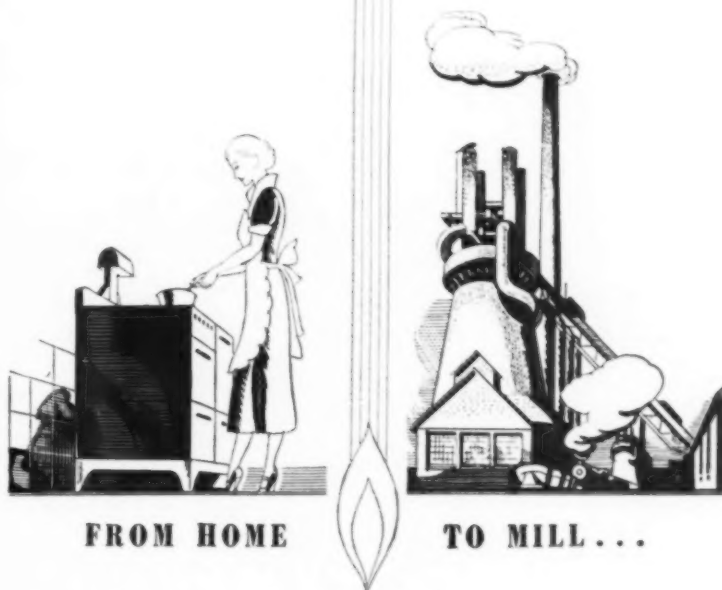
There's a good-sized "independent" on the Coast, too—the Judson Manufacturing Co., of Oakland, a venerable concern founded by Far Western capital in 1882. Judson produces some 76,500 tons of basic steel ingots yearly and 48,000 tons of merchant and concrete reinforcing bars.

Use of Steel Shapes, Plates

W. E. Emmett, of the American Institute of Steel Construction, estimates consumption of structural steel shapes and plates on the Coast to be a little more than a quarter of a million tons a year, or an amount about 10% of the national output. Many plants are engaged solely in manufacturing steel products of this type. One of the biggest, the Consolidated Steel Co., Los Angeles, maintains the largest fabricating plant west of the Mississippi. Other notables include the Pacific Car & Foundry Co., and the Isaacson Iron Works, of Seattle; Judson-Pacific, Moore Dry Dock, Western Pipe & Steel, and Herrick Iron Works in the San Francisco Bay area; Pacific Iron & Steel, Los Angeles. Bethlehem belongs in this last because it operates large fabricating plants as well as rolling mills.

Rate of operations of the structural steel fabricators on the Coast has been running higher than the national pace chiefly because of the building of San Francisco's two new bridges, and other large construction jobs like Bonneville, Grand Coulee, and Boulder.

BEHIND THE ENDURING INSTITUTION—SUCCESSFUL CUSTOMERS



FROM HOME

TO MILL...

Gas, invaluable to housewife and industrialist alike, performs a myriad of services from house heating to steel treating. The production and distribution of this essential fuel is an important division of American industry. This Bank has worked for many years with a number of representative companies in this industry.

FARMERS DEPOSIT NATIONAL BANK OF PITTSBURGH

ESTABLISHED 1832









CAPITAL AND SURPLUS TWELVE MILLION DOLLARS

Member Federal Deposit Insurance Corporation



The Business Record, State by State

Percent Gain or Loss from First Nine Months 1936 to First Nine Months 1937

States by Regional Groups	 Passenger Car Sales	 Commercial Car Sales	 Household Refrigerators Sales	 Ordinary Life Insurance Sales	 Value of Checks Drawn	 Farm Income	 Electric Power Output	 Heavy Construction
New England	+ 7	+ 6	+19	+ 6	+ 6	+ 4	+12	-20
Maine	+13	+ 9	+14	+17	+ 6	+17	+10	+22
New Hampshire	+ 8	- 6	+ 7	- 1	+14	+ 7	+26	+ 7
Vermont	+ 7	+10	+20	+ 8	+ 9	- 1	+22	- 1
Massachusetts	+ 4	+10	+18	+ 3	+ 5	- 1	+ 8	-38
Rhode Island	+16	+10	+23	+ 9	+14	- 7	+ 4	-49
Connecticut	+ 9	- 1	+21	+11	+ 8	+ 2	+15	+15
Middle Atlantic	+15	+ 6	+17	+ 3	+ 1	+11	+11	+48
New York	+13	+ 9	+16	+ 1	- 1	+ 6	+13	+28
New Jersey	+17	+14	+ 8	+ 1	+ 8	+ 4	- 3	+12
Pennsylvania	+16	- 2	+22	+ 7	+11	+19	+14	+148
East North Central	+12½	-.01½	+24	+ 8	+12	+14	+11	+ 6
Ohio	+11	+ 1	+28	+ 8	+16	+16	+10	+37
Indiana	+11	- 7	+14	+ 5	+18	+13	+15	- 2
Illinois	+12	-0.3	+21	+ 7	+ 8	+11	+ 7	-19
Michigan	+17	+ 5	+24	+10	+17	+25	+16	+45
Wisconsin	½ + 8	+ 1½	+43	+10	+ 9	+12	+12	-19
West North Central	+ 2	- 2	+12	+ 3	+ 9	+ 5	+16	-13
Minnesota	+ 6	- 2	+49	+ 4	+ 8	+ 4	+11	-33
Iowa	+ 0.1	- 4	+12	+ 6	+ 4	- 6	+ 9	+ 4
Missouri	+ 5	- 3	+ 4	+ 6	+12	+11	+51	+ 2
North Dakota	+ 6	+14	+23	- 3	+ 9	+23	+ 4	-55
South Dakota	- 5	- 8	- 8	-10	+ 1	- 8	+ 9	-21
Nebraska	- 8	-13	- 5	- 5	+ 3	- 4	+ 1	+48
Kansas	+ 2	+ 5	+ 6	+ 4	+12	+31	+ 2	-60
South Atlantic	+10	+ 8	+16	+ 7	+16	+18	+13	+ 4
Delaware	+24	+11	+36	- 2	+31	+26	+21	+126
Maryland	+11	+ 9	+31	+ 7	+14	+17	+22	+38
Dist. of Columbia	- 9	-0.04	- 4	+10	+11	-	- 8	+ 8
Virginia	+ 5	+ 3	+12	+ 8	+14	+ 7	+16	-17
West Virginia	-0.5	+ 3	+ 8	+ 3	+17	+13	+13	-54
North Carolina	+19	+11	+25	+ 5	+17	+23	+10	+14
South Carolina	+24	+25	+24	+ 9	+19	+27	+14	-13
Georgia	+17	+ 3	+18	+11	+19	+ 3	+11	-46
Florida	+9	+11	+ 2	+ 8	+17	+32	+13	+123
East South Central	+ 9	+14	+14	+ 9	+14	+36	+15	-45
Kentucky	+10	+13	+14	+ 2	+13	+49	+ 8	+38
Tennessee	+ 8	+ 2	+20	+10	+13	+32	+28	-71
Alabama	+17	+23	+12	+14	+24	+25	+12	-56
Mississippi	+ 0.4	+20	+ 3	+15	+ 4	+36	+10	-24
West South Central	- 2	+ 6	+12	+ 3	+19	+27	+14	- 6
Arkansas	+ 4	+16	+ 7	+ 4	+15	+42	+99	-68
Louisiana	- 6	+ 4	+17	+ 3	+17	+33	+ 5	+133
Oklahoma	- 5	+ 2	+14	-0.2	+22	+30	+18	+ 5
Texas	- 1	+ 7	+11	+ 4	+19	+22	+14	-19
Mountain	- 2	- 4	+ 3	+ 3	+16	+21	+35	- 9
Montana	-14	-17	- 7	+ 0.03	+ 7	+ 7	- 9	-34
Idaho	+ 1	-10	-0.5	+ 9	+13	+36	+22	+51
Wyoming	- 4	+ 3	+ 3	- 1	+14	+ 9	+15	-20
Colorado	- 1	- 5	+ 1	+ 8	+14	+31	+12	-12
New Mexico	+ 6	+15	+18	+ 3	+26	+12	+22	+ 8
Arizona	+ 6	+ 9	+26	+ 3	+21	+ 8	+30	+27
Utah	+ 3	- 6	+ 3	- 6	+18	+17	+36	-51
Nevada	-11	- 5	-11	- 6	+22	+25	+1804	+32
Pacific	+0.5	+ 7	- 8	+ 3	+12	+14	+ 2	-12
Washington	- 1	- 1	+ 1	-0.1	+15	+20	+14	+ 2
Oregon	- 5	- 1	-17	+13	+13	+24	+16	-22
California	+ 2	+12	- 8	+ 2	+12	+11	- 4	-14
UNITED STATES	+ 8½	+ 4½	+15	+ 5	+ 6	+14	+12	+ 9

½ Wisconsin estimated.

(c) Business Week

Business Abroad

Anglo-American trade proposals and prospect of building big world trade project are week's major development. Anglo-German talks show signs of progress toward cooperation. U. S. recession begins to react on many foreign markets.

THE continuing business recession in the United States is beginning to affect other countries. Industry is less active in France, Britain, and Canada; greatly curtailed purchases of raw materials are reducing the buying power of large markets in Asia, Africa, and South America; the principal investment capitals of the world is helping further to undermine confidence. Even the cost-of-living is turning downward in most countries after a steady rise for four years.

Favorable developments which help to counteract the depression factors include a considerably less tense international political situation, and the promise of foreign trade improvement if the Anglo-American trade pact is successful not only in expanding trade between these two countries but of attracting other nations to join the group (page 16).

Germany is nervous over the Anglo-American trade pact plans, and the reports that the Scandinavian countries are ready to cooperate in the project. They are among Germany's best customers. On the other hand, Germans are aware that both British and American government officials are eager to include the Reich in their international program to lower trade barriers and put world business on a more normal basis, and that both London and Washington are likely to be more receptive to the special conditions which must undoubtedly be an important part of any trade deal with Berlin, at least for the present.

Canada

Declining activity extends to new fields. Trade treaty negotiations received with mixed sentiment. Grain trade control is likely to continue.

OTTAWA—Business for the past week was reported by the Canadian Credit Men's Trust Association as generally spotty on the basis of a coast-to-coast survey. Other signs of reaction to the recession in the United States are noted. The Canadian steel and iron industry, reluctant to move into a slower tempo, is at last feeling external influence. While production is still substantially ahead of a year ago, the rate of improvement has dropped compared with recent months. October's output lead over the same month of 1936 was only 17%, as against gains of from 27% to 79% for the months immediately preceding. Oc-

tober just equalled September in tonnage. Carloadings again were down, the official index for the week being 71.64 against 72.28 the previous week and 73.38 for the corresponding week last year.

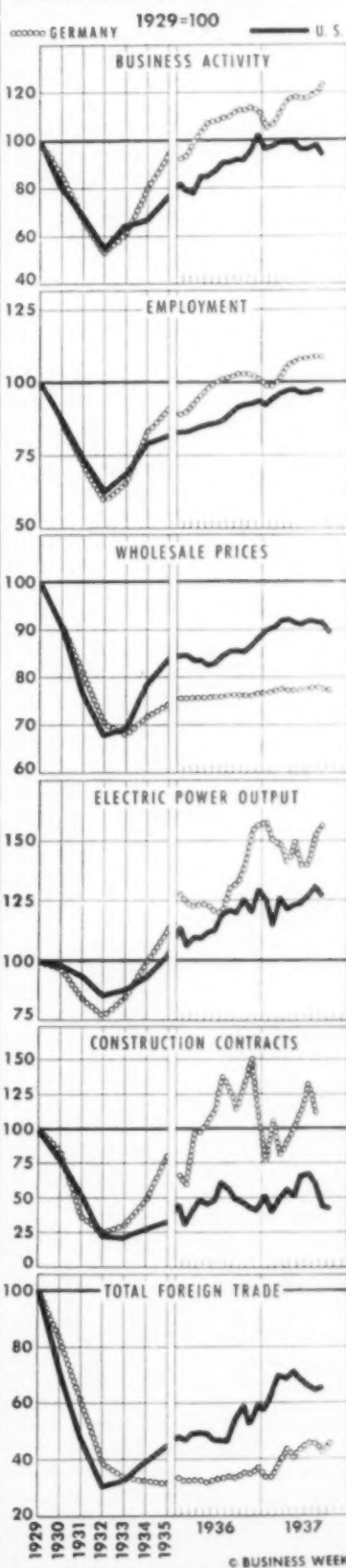
Little pessimism has been aroused so far by the moderate slow-up. But bankers and business observers in general recognize that Canadian conditions next year depend largely on market conditions abroad. The country normally exports about one-third of its production and what concern there is relates to the prospects of other countries being able to absorb it. Unemployment, according to Pres. S. H. Logan of Canadian Bankers' Association, has ceased to be a serious problem and would be down to normal but for cumulative drought effects in the western grain belt and continued subnormal activity in construction.

Trade treaty negotiations are viewed with mixed feelings by Canadian business. The prospect of the stimulation of international trade and the possibility of a steadying effect on the international political situation are welcomed, but there is some apprehension about the cost to Canada in the triangular deal. Canadian interests hope the Ottawa government will insist on substantial compensation in the revision of the Ottawa-Washington pact for concessions this country will have to make to the consummation of the Anglo-American treaty but they feel little assurance.

Grain trade management will have parliamentary consideration again at the coming session. An extended commission inquiry is about concluded and the report will be before the government soon. Latest development is an outburst of harmony between the western wheat pools and the Winnipeg Grain Exchange. The pools are members of the Exchange but want a larger share in its internal government, and the Exchange is willing. Legislation aimed at removal of the causes of dissatisfaction probably will follow presentation of the inquiry report.

Forestry products slow-up is reflected in an anticipated 30% drop in New Brunswick's timber cut the coming sea-

TREND OF BUSINESS GERMANY AND U. S.



son. Falling demand for lumber and pulpwood is the cause.

A wage increase of 25¢ a day for its 7,500 employees, and Christmas bonuses of \$50 for married men and \$35 for single men, are announced by Consolidated Smelting and Mining Co. The increase is effective Jan. 1.

United States merchants sold Canadian tourists \$4,290,000 of goods for free entry into Canada under the \$100 personal baggage exemption from duty in the last seven months. Of this, \$2,500,000 was in clothing and boots and shoes, nearly \$500,000 in household appliances and furniture.

Nutrition values of foods and the food requirements of Canadians are to be investigated by a National Council of Nutrition under the federal health department. Benefit of the study will be handed on to the Canadian public.

Montreal and Toronto understand negotiations have started for a new contract between Ontario Hydro Commission and Beauharnois Power Company of Quebec to replace the contract cancelled by the Ontario government. Beauharnois securities have strengthened the market. Hydro Commission output was up 11% in October from the same month last year.

Soviet Union

New drive begins to increase efficiency of workers. Carloadings fall behind; heavy industry holds to Plan schedules.

MOSCOW (Cable)—Russia is taking energetic measures to wipe out the temporary lag in Soviet industry brought on by the year's purge. Tremendous significance is attached here to the announcement that measures have been taken which are calculated to rejuvenate the Stakhanov movement and the "Socialist competition" drives.

The Stakhanov movement, since its inauguration in 1935 in the Donbas coal region, has spread steadily into nearly all branches of economy but not quickly enough to satisfy the authorities. A national committee, of which Alexei Stakhanov is a member, has been formed to organize and stimulate competition throughout heavy industry. This committee will supervise the distribution of travelling awards called "Challenge Red Banners" among the 14 branches of heavy industry.

A new badge has also been created for executives for raising the productivity of labor in their industries, and a government award called a "certificate of honor" for individual workers surpassing their norms and thereby entering the ranks of the Stakhanovites.

The new awards, combined with the recent mass salary increases and reformed bonus system for higher per-



America's First Free Port—After Nine Months

Nine months ago, at Staten Island, N. Y., was established the first "free port" in the United States. With the second U. S. Foreign Trade Zone already approved for Mobile, Alabama (BW—Oct 27, p. 58), and with additional petitions pending for Jersey City, San Francisco, and San Juan, Puerto Rico, importers are again casting an interested eye at the record of the Staten Island venture.

A free port is a specified area within which there are no customs duties. The eighteen acres and five piers at Staten Island are heavily fenced-in (see picture) and patrolled. Within these bounds foreign merchandise may be unloaded, stored while awaiting sale or transshipment, packaged, and remarked for another country. Manufacturing is not permitted, but processing of raw materials for reshipment abroad is allowed within limitations laid down by an act of Congress in 1934.

For most of the nine months of its operation, the Staten Island port has scarcely been a beehive of activity. Business so far handled, if it had come all at once, could easily have been taken care of in one of the five piers. But shipments are increasing, and the experience gained is a valuable guide to what can be expected of a free port. For instance, Treasury rulings have helped to clarify the sometimes mysterious borderline between permissible "processing" and forbidden "manufacturing," establishing precedents that will be followed at other free ports. An example: in bottling foreign liquors imported in bulk, the addition of alcohol constitutes "manufacturing" and is not permitted.

And by now it seems pretty well established that free ports here will be valuable chiefly in serving Latin America. The U. S. is the logical terminal for bulk shipments from abroad to be subdivided for the various small markets of Central America. Much of the business so far handled has been of this type. And, recently, The Advance Corporation—importers of Fiat automobiles from Italy—announced that it expects to use the Staten Island port next year for transshipping some 3,000 of the cars to Canada and Latin America.

sonnel, reflect the Kremlin's determination to restore industrial normalcy.

Some indication of the difficulties to be overcome is given by the figures on personnel changes within the machine building industry alone. In recent months, new appointments have included 23 heads of central administrations, 132 directors of individual plants, and 49 chief plant engineers.

While the coal, iron and steel, and automobile industries have been showing steady gains under the reformed management, railway carloadings have been in a slump since early this month, dropping nearly 11%, and now are short of the Plan by 16%. While the slump is partly attributable to winter conditions, authorities in their attempt

to eliminate the usual winter drop in carloadings prefer to put railroadmen on the carpet for slack work.

On the agricultural front, collectivization has registered a new victory this year with a sugar beet crop of more than 21,000,000 tons.

Great Britain

Larger international trade expected to take up slack. Foreign outlook is brighter.

LONDON (Cable)—With a few exceptions, business activity is good, though the stock exchange has failed to rally. Increases in the cost-of-living,

especially higher food prices, are stated to be reducing expenditure in other directions. The same thing happened some time ago when rents started to rise spectacularly and people cut their expenditures for other items.

Business leaders still hesitate to forecast the immediate future owing to the absence of better business news from the United States. There is an important group of Liberal and Labor leaders, who have considerable business backing, who strongly favor the Anglo-American trade project as a means of reviving international trade and building a sounder foundation for economic recovery. On the other hand, there is a group of Empire trade enthusiasts who will keenly oppose any revision of the Ottawa agreements. The contest is likely to be bitter, though it is generally believed that the Chamberlain government is as determined as the Roosevelt to see the plan through.

Lord Halifax went to Germany with the full backing of a group of Tory supporters who for a long time have been more pro-German than pro-French. These supporters of the project are influential in both government and business. While Hitler's lenient statement on the colonial problem following the Halifax visit has roused some hope that a basis was found for a new Anglo-German accord, there is no proof yet that ultimate colonial claims, or immediate demands for a free hand in Southeastern Europe are more than Britain is willing to give unless there is a serious plan also for ultimate limitation of armaments.

The general feeling here is that the atmosphere has cleared somewhat, at least as far as Germany and the Mediterranean are concerned, but there are new worries over the continued cabinet crisis in Belgium and over the internal conspiracy which has been uncovered by the French police.

Germany

European steel cartel cuts Far East export price to meet U. S. competition. Advertising agencies run into trouble.

BERLIN (Cable)—There is growing uneasiness in Berlin in both business and government circles that the spreading world business recession may have some serious effect soon on the heretofore isolated German economy. According to the latest report of the Institute for Business Research, world trade in the third quarter of this year showed its first reaction since the recovery set in four years ago. Value dropped 1%, and volume declined 2%.

Announcement of the Anglo-American trade negotiations have added to this uncertainty and given fresh nourishment



Bridge of Sighs

IN VENICE, the *Bridge of Sighs* leads from the Ducal Palace to the State Prison. For many a victim of past tyranny it proved a one-way bridge.

But events may be as tyrannous as men, and today many an unfortunate crosses a "bridge of sighs" at the decree of some unhappy accident . . . never to "come back."

Standard Accident cannot prevent mischances . . . but its protection can mitigate the inevitable ravages of misfortune.

Personal injury, illness, automobile collision, the defalcation of an employee, the burglary of a safe: against the damage which these can wreak, Standard policies and bonds guarantee you financial protection.

53 years of experience . . . a firm financial basis . . . a record of over \$153,000,000 paid out in claims . . . an organization of 8300 resourceful representatives, ready to counsel and serve you.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

to the German "encirclement scare." It is feared that the project will grow into an Anglo-Saxon tariff league to which Germany's neighbors and good customers along the Baltic will be attracted. On the other hand, there are officials in Berlin who are fully aware that both London and Washington are eager to bring Germany into the group because of its huge potential market, and that fresh efforts are likely to be made along this line as soon as the negotiations can be completed in Washington and the Anglo-American agreement signed.

The European steel cartel at its meeting in Paris this week to thresh out the problem of intensified competition from the United States in all world markets voted to reduce export prices on cartel shipments only to the Far East. Quotas remain the same, and existing prices will hold in European markets.

German advertising agencies and copywriters, have run into trouble because of the German "autarky" drive under the Four-Year Plan and there are no signs yet that the *verboten* list for the business will soon decline.

To start with, it appeared both unnecessary and undesirable to advertise such goods as were obviously scarce or were even subject to rationing. The outstanding case was butter, margarine, and other edible fats after introduction of the system of rationing which restricted current consumption to about 80% of normal. What was the use, it was argued, to spend huge amounts on advertising and to "irritate" or tease consumers by tempting offers of goods which they were not allowed to buy? This led to the prohibition on advertising of all kinds of edible fats which was issued two years ago and which was the forerunner of many more such restrictions.

New problems arose in connection with the Four-Year Plan due to its wide use of substitutes and to the parallel disappearance of the "good old" products. Manufacturers and dealers were naturally tempted in their advertising campaigns to stress the fact that their goods were still manufactured according to old formulas, if they were fortunate enough still to possess stocks of such goods. Consequently, all references, direct or indirect, to existing or imminent shortages of raw materials were banned from German advertising.

A firm advertising a certain kind of leather boots included in its advertising matter the sentence: "If you are clever, buy at once two pairs." This was considered by officials a reference to the shortage of leather and the firm was fined. Another firm (of electrical engineers) was ordered to remove from its window a sign with the words "Installation material is still available in sufficient quantities."

The German Woolworth Co.,



HE SAW HITLER—When Lord Halifax, former Viceroy of India, went to Germany he was officially only "exploring" for some basis for closer Anglo-German cooperation.

Anglo-Italian relations are bad. Mussolini has overreached himself in Spain and the Mediterranean. London has begun to bargain directly with Franco, and with some success. Now it is turning to Berlin. Big question remains: what is Germany's price for a deal?

Only the chancellories in Berlin and London know the answer but the guess of the well-informed is that in return for a promise to postpone colonial demands, to cooperate in a settlement of the Mediterranean question, and to "operate discreetly in the East," Britain will keep hands off and may even provide Germany with much needed credit.

Fear is that Germany's maneuvers in the southeastern part of Europe will not stop short of war with the Soviet Union, which almost inevitably would mean another world conflagration.

like most other American concerns operating within the Reich, is prevented by existing foreign exchange regulations from transferring its profits made in Germany to its parent company in the United States. Unlike manufacturing concerns or the Standard Oil Co., however, it cannot invest its profits in plant expansions or in the building of tankers at German shipbuilding yards. The drastic restrictions imposed by the Nazi regime on department stores and 5 and 10 cent stores prohibit not only the opening of new stores (at present Woolworth operates about 80 stores throughout Germany,) but even an increase in floor space of existing stores.

The only way open to the Woolworth company seemed to be to transform accumulated profits due to the American parent company into stock. This is the motive of the announced increase of its capital by eight million marks to 23 million marks. Of the new stock dividend, 7,760,000 marks are paid to the American company, and 240,000 to Richard H. Strongman, manager of the Woolworth concern in Germany.

France

Industry reacts to recession in other countries. Civil servants resist modification of their wage demands.

PARIS (Wireless)—French business showed further signs this week of reaction to the spreading world recession. Carloadings declined again, are now nearly 12% below the level for the corresponding week in 1936. Unemployment has increased, but is still well below the level for last year. Industry is still active, though the backlog of orders is dwindling.

Heavy purchases of gold due to the repatriation of French capital during the last few months have forced the Equalization Fund to sell to the Bank of France this week nearly 3,200,000 francs worth of the yellow metal in order to build up franc accounts. This leaves the fund with slightly less than 7,000,000,000 francs worth of gold. On the other hand, gold cover in the Bank of France has risen to 52.81% from the previously reported cover of 51.27%.

As indicated, the government is having difficulty inducing civil service workers to accept a modest wage increase which will cost only 1,600,000,000 francs, compared with their demands for nearly double this amount. The overwhelming vote of confidence for the government when it reconvened leads the public to believe that some compromise will be made nearer the Bonnet figure than the amount demanded by the government workers.

Money and the Markets

Federal Reserve banks buy Treasury bills, thus in effect putting \$29,000,000 more credit at the service of trade in the holiday season. Observers think steel operations are near bottom.

THE credit base for the resumption of recovery—or for arresting the recession—is being built. The 12 Federal Reserve banks, during a fortnight when money in circulation was declining \$31,000,000, bought \$29,000,000 of Treasury bills to ensure abundant and cheap

credit. Which fixes things up for industry the moment it develops confidence and an inclination to borrow.

The industrial news, however, provides nothing to instill confidence, and Washington panaceas haven't caught on so far. Trade isn't booming, which accounts for the fact that circulation declined \$31,000,000 in the two weeks ended Nov. 17—at the very time when the Reserve banks were, in effect, putting \$29,000,000 at the service of trade to avert any trace of money tightness over the holiday season.

Carloadings for six consecutive weeks have run below a year ago. The automobile industry is tuning up very slowly for fear buyers aren't going to be as avid as was hoped a few months ago.

Railroads are delaying buying until the Interstate Commerce Commission rules on the proposed \$500,000,000 freight rate increase. Utility men have their fingers crossed, even as President Roosevelt confers with leading executives of the companies about releasing long delayed expenditures. Sporadic labor outbreaks continue to harass many industries.

This was the drab backdrop against which securities were obliged to perform this week. Needless to say, each

pessimistic piece of news which popped up diminished still further the enthusiasm of that performance. Monday was the bad day—"steel day" again with the prices of many leading stock plummeting to new lows when it was announced that steel operations this week would average only 31% of ingot capacity.

Yet the bargain hunters were still fairly active, and big traders were inclined to even out their positions over the holiday. These factors lent support, and mid-week trading was on a relatively stable price basis in spite of Monday's crash. Many observers are inclined to believe steel operations are scratching bottom, that there now are so many bears that the turn should not be far away.

Dodging Death Sentence

Stone & Webster, Inc., has decided to get out of the public utility holding company category before the Public Utility Act's "death sentence" goes into effect Jan. 1. The concern will function solely in utility engineering, construction, financing, and service fields. This plan, before directors for a long time, will be put up to stockholders Dec. 3.

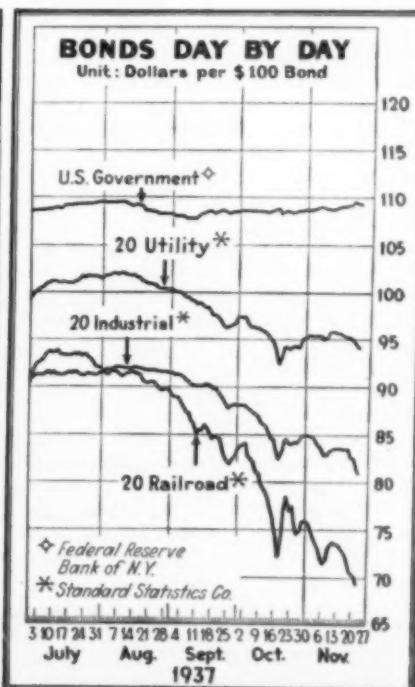
Stone & Webster owns 91% of Engineers Public Service, a big system operating in 12 states, and 94% of Sierra Pacific Power which serves Reno, Nev., and vicinity. The parent company's stockholders will get four-fifths of a share of Engineers for each share of Stone & Webster held, and one-tenth of a share of Sierra Pacific. This will so reduce these investments that S. & W. will no longer classify as a holding company.

Van Sweringen Grief

Holding company simplification plan stymied by fall in stock values.

SIMPLIFICATION of the holding company setup which controls the so-called Van Sweringen rail empire seems, for the moment at least, to be stymied. Declining securities markets have provided the straw which broke the camel's back.

When the Young-Kolbe-Kirby group bought control of the railroad system last spring, the principals announced that they would at once undertake the program of simplification (BW—May 1 '37, p18). They did, but they ran into one obstacle after another. Their plan was to merge Alleghany Corp., top holding company, into Chesapeake





Wide World

SWIFT HEAD NOT A SWIFT—For the first time in the history of the big meat packing house, one who is not a member of the Swift family is president of Swift & Co. John Holmes, 46, who started with the company in 1906 as a messenger, replaces Gustavus F. Swift, Jr., son of the founder, who steps up to the newly created job of vice-chairman of the board of directors. The company calls the promotion "an accomplishment of progress on merit."

Corp. B. K. Wheeler's senatorial subcommittee's investigation of rail finance slowed them up, then a stockholders' suit blocked the merger on the terms then proposed.

The stock market collapse did the rest. Collateral behind Alleghany's three bond issues shrank until it is considerably short of the required 150% of face value (*BW*—Nov 6 '37, p64). That forced the trustee, Guaranty Trust Co., to step in and impound all other assets of the holding company under the trust agreement.

Wall Street is saying that Robert R. Young and Frank F. Kolbe, the two young financiers who were running the show, disagreed over details. This story is strengthened by the announcement that Mr. Kolbe's 13% interest in the "Van" setup had been sold to Mr. Young's wife and an undisclosed financial house. Something like 254,000 shares of Alleghany were represented in that transaction.

Mr. Kolbe intends to remain as a director of both Chesapeake Corp. and Alleghany. Earlier, however, he had dropped out of the brokerage business which he and Mr. Young had been running to devote his full time to affairs of the railroad structure. Now, it appears, Mr. Young will go it single-

handed in the financial management of these 20,000 miles of railroads.

The action of Chesapeake Corp. directors last week in declaring a dividend of one-fifth of a share of Chesapeake & Ohio for each of the holding company's common shares (in addition to 75¢ a share in cash) sheds a good deal of light on Mr. Young's plans for the two holding companies. Chesapeake Corp. heretofore has held a little over 35% of the C. & O. common, and Alleghany hasn't had any C. & O. although it controlled the road through its 71% interest in Chesapeake Corp.

The dividend in C. & O. common will strengthen Alleghany's various bond issues in direct ratio to the amounts of Chesapeake Corp. common pledged under these securities. The 5s of 1944, for example, have 780,100 shares of Chesapeake Corp. among their collateral and will get 156,020 of C. & O. in addition (worth nearly \$6,240,000). The 5s of 1949 will get about \$3,600,000 as added collateral, and the 5s of 1950 would benefit to the tune of about \$320,000.

All told, Alleghany will get about 255,580 C. & O. common shares. Chesapeake Corp. retains 2,358,886 shares. Together they have a 34% voice in C. & O. Indications are that Mr. Young will seek to have Alleghany buy up its bonds with cash pledged as collateral for them, then liquidate Chesapeake Corp., with Alleghany taking over direct control of its 71% stake in Chesapeake's portfolio.

Pooling Rail Revenues—A perennial "solution" for the railroad problem—one which always arouses bitter controversy—has bobbed up again. It is the suggestion that all railroads pool their revenues so that the weak sisters may be brought back to financial health.

The suggestion comes this time from Luther M. Walter, lawyer and co-trustee with Patrick H. Joyce of the Chicago Great Western Railroad. Mr. Walter offered the idea before the Interstate Commerce Commission in connection with hearings on a plan for reorganization of the Western Pacific Railroad. Thus he wasn't definitely classifying the Great Western as one of the roads in need of assistance, but, as the Great Western also is being reorganized, it is assumed that he is most interested in revenue pooling for the good it could do the road he represents.

Mr. Walter probably was encouraged in offering the pooling idea by a recent pronouncement of the ICC itself. The commission, when it authorized the \$47,500,000 boost in freight rates last month, said that the advance in coal tariffs (which made up most of the \$47,500,000) was temporary; that it might not be continued beyond Dec. 31, 1938, unless the roads mainly benefit-

ing agreed to pool the advantages (*BW*—Oct 30 '37, p15).

Mr. Walter suggested that pooling of revenues was the only means of keeping many carriers out of bankruptcy, and, hence, was to the best advantage of the prosperous roads in order to ward off government ownership. If the idea should gain real support, Mr. Walter undoubtedly will hear many financial experts promulgate an entirely opposite view: that pooling is the longest single step toward government ownership.

His idea already has aroused indignant editorials in the financial press. The *Wall Street Journal* declares that the plan "is in substance merely a revival of the recapture theory in a thoroughly objectionable form, without a shred of principle to support it."

Drama in Futures—Regulation of trading in commodity futures, usually a topic of interest only to the men in the business, promises to become a pretty dynamic subject in the months to come. Sec. Wallace already has launched studies designed to reveal the amount of regulation which is necessary. And the Commodity Exchange Administration, which has moved cautiously in its first year and a half, is about due to step out.

These facts, in themselves, don't contain any particularly new or exciting angles. But the redoubled agitation for tighter federal control is interestingly timed, for it comes just when the Chicago Board of Trade and the Cargill Grain Co. of Illinois are at each other's throats over the squeeze in corn two months ago.

While the CEA and the secretary of agriculture have not publicly taken sides—have neither said that the Board of



HEAVYWEIGHT DIRECTOR—Ex-champ Gene Tunney, sometime Shakespearean scholar, this week surveyed broader business horizons with his election to the directorate of the Morris Plan Industrial Bank of New York.

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Trade was lax nor that Cargill Grain overstepped—the incident has precipitated Washington's present interest in the subject. Regardless of the right and wrong in the corn squeeze, the authorities are loath to see any recurrence.

When all the facts are known, it may turn out that CEA is right in the middle of the dispute. The Board of Trade ordered Cargill to liquidate long contracts totaling about 1,100,000 bu. in September corn. The board charges that Cargill violated the order. CEA was at that time pressing the Board of Trade to terminate the squeeze and it may even have gone so far as to inspire the board's order which Cargill is accused of disregarding.

This supposition derives some support from the fact that the CEA's first annual report, just made public, reveals that the body had intervened in two somewhat similar situations at earlier dates. In November, 1936, it was discovered that one firm was long about 8,000,000 bu. of December corn. At that time, prodded by CEA, the Board of Trade ordered liquidation of a part of the long line. Scouting a difficult situation in rye futures last spring, the CEA prompted the board to have a long line in that grain closed out in May.

Cargill's Complaint—Thus, when Cargill Grain suggests that its lawyers are looking into "the liability of the Board of Trade as such, its directors, and its business conduct committee members, individually, in connection with what we regard as their improper actions," it may be stepping on the toes of the federal bureau which may have prompted the board's order.

Cargill feels that it was ordered to close out a long interest in September corn—a position which the firm contends it had a perfect right to accumulate in the normal course of its business—at an unfair price, \$1.10½ a bu. It also makes several demands as to the procedure to be followed when the Board of Trade opens its investigations into Cargill's conduct on Dec. 7.

The grain firm's demands, which involve sharp departures from the board's usual methods, boil down pretty much to the following: (1) that the company be allowed legal representation at the hearing; (2) that a court reporter be permitted to make a transcript of the proceedings; and (3) that all members of the board's business conduct committee, which issued the order which Cargill is alleged to have violated, be available to answer questions of the grain firm's lawyers.

These demands indicate quite clearly that Cargill Grain still entertains the idea of taking the case to court. If such a suit is started, there will be a good deal of interest in whether the CEA's part in the issuance of the liquidation order will be introduced as a

defense for the board's action. The Supreme Court previously has upheld the general regulations issued by CEA, but its rights to settle the market's differences of opinion haven't been tested.

Wheat Worries—With Congress up to its ears in squabbles over the new farm bill, the wheat problem is being thrown at it to spur action. The Department of Agriculture fears that 1937 plantings of about 75,000,000 acres in spring and winter wheat will be exceeded in 1938. The harvest from those acres, or rather from the 68,198,000 which remained after abandonment, was 886,895,000 bu.—something like 190,000,000 bu. above home needs.

That surplus was produced in spite of the fact that yields were somewhat below average for both spring and winter wheat. Yields as high as the 1923-32 average would have added more than 91,000,000 bu. to the wheat harvest. The Department's argument, in seeking closer control over wheat planting and marketing, is that a crop of more than 975,000,000 bu. will be harvested next year if weather is favorable.

If domestic use runs to 675,000,000 to 700,000,000 bu. this year, and if exports don't take a sudden turn for the better, the statisticians figure that well over 100,000,000 bu. of wheat will remain as a surplus when the new crop year starts next July 1. That would

bring the total supply—assuming production of nearly a billion bushels in 1938—to more than 1,100,000,000 bu. That is the point at which Sec. Wallace figures the ever-normal granary runs over, the point at which compulsory marketing quotas should be put into force. The House subcommittee which is working on a crop bill is yielding to that reasoning, and has come out for compulsory control.

The picture, though, has been painted in its darkest colors. It is quite

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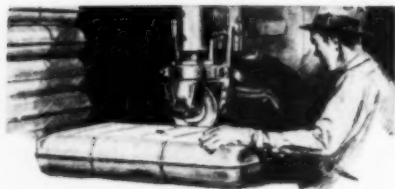
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true that foreign countries haven't been taking much of the United States 1937 wheat production. Nevertheless, crop experts have pulled down their estimates on the current Argentine harvest to around 200,000,000 bu. since the recent frosts. Some go under that figure. A short time ago they were talking 230,000,000 bu.

As Argentina normally consumes upwards of 75,000,000 bu. of its own crop, the supposition is that the crop from down under isn't going to be quite the factor in world markets that was anticipated up until the last two weeks. So there still is some hope of a jump in United States exports.

Sugar Problem—Washington takes a keen interest in sugar prices, especially since Sec. Wallace promised that the $\frac{1}{2}$ -¢-a-lb. excise tax would not be passed on to the consumer. Yet, during the dreary commodity markets of recent weeks, raw sugar has been one of the few staples which have been able to move up a shade, and the trade is fearful that Washington will "take steps."

First off, there is the possibility that Sec. Wallace will decide that the beet-sugar refiners haven't been able to deliver their full quotas. Should he rule that they are, say, 50,000 tons short, he could then reallocate the quota to some area like Cuba which has the sugar ready for immediate delivery.

This is the usual procedure in cases where quotas aren't filled, and it is now expected by the sugar trade because of the relative scarcity of spot raws.

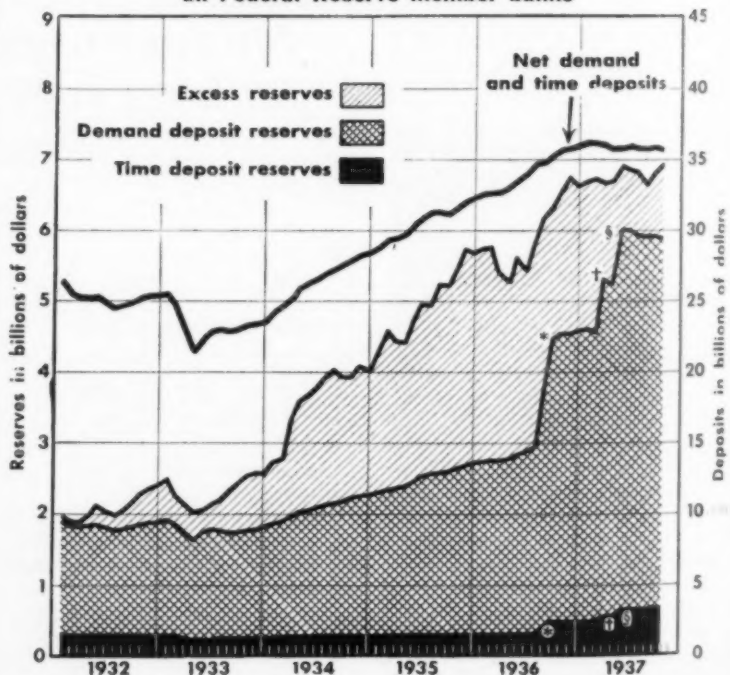
Reallocating a quota doesn't increase the total quota for the country's consumptive needs, of course, but it does increase the supply immediately available. When sugar prices rose after passage of the new law, Sec. Wallace increased the over-all quota (*BU*—Sept. 11 '37, p. 44). When that failed to push prices down, he reallocated 216,352 tons from the beet sugar quota, and that held prices in check until very recently.

Lately, however, raw sugar has crept up from around 3.15¢ or 3.20¢ a lb. to about 3.40¢. Consumption, as represented by refineries' deliveries to customers, has been running pretty well ahead of last year—265,000 tons ahead in the first 10 months of 1937. This gain accounts for the relative tightness in the spot market at the moment.

The middle of next month, Sec. Wallace will have to figure out the sugar quota for next year. The trade does expect the secretary of agriculture to set a figure which will be low enough to pamper prices. Many hold the opinion that he will name a figure not far from the 7,042,733 tons which was his final allotment for 1937. Anything above 6,800,000 tons, the trade fears, will hold prices back if it doesn't actually depress them.

THE CREDIT RESERVOIR

Relation of deposits to reserves of all Federal Reserve member banks



* 50% boost in reserve requirements.
† 16 2/3% boost in reserve requirements.
‡ Final boost to legal limit.

© BUSINESS WEEK

Editorially Speaking—

KEEPING track as you do of all the Weeks that are celebrated every week, you were probably aware that Nov. 14-20 was National Milk Week, but did you suspect that it was also Lombardo Appreciation Week, proclaimed by the General Baking Co., which sponsors some radio performer whose name seems to be Lombardo?

IN Topeka, one day recently, a restaurant proprietor had to call the police to convince a customer that he ought to pay the sales tax on his meal. And on the same day a Topeka woman who owned another restaurant confessed that she had set it afire to avoid having to figure the monthly sales tax return. There are a lot of restaurants in Kansas, and, as long as the sales tax lasts, the cops and firemen may have their work cut out for them.

HERE'S to the piecework town of Humacao, Puerto Rico, the town where they know that piecework pay puts workers on their toes, the town where they even keep the firemen on piecework, paying them according to the number of alarms they answer, the town where the fire chief is now under arrest—and what do you suppose he's arrested for?

C. F. PARRISH, extension specialist of the North Carolina State College, suggests that a chicken will win a prize at a state fair if she is put in a hot tub, soaped, soaked, rinsed in second and third tubs, and finally dipped into a fourth tub of water containing bluing. Probably this treatment would have improved a chicken that came under our observation many years ago; she was generally known as Dirty-Neck Nell, and we can't recall that she ever won a prize at a state fair, though she won many other things.

THE whole world, more or less, was probably awed when it read that an English accountant named K. H. H. Baily had run from Bournemouth, Hampshire, England, to Southampton and there had run across the gangplank of the *Queen Mary* and then had run around the deck while the liner crossed the Channel, and afterward around the deck of the tender at Cherbourg, and finally had run the full distance from Cherbourg to the Paris Exposition—and all for the purpose of fostering international friendship. The whole world reached for its smelling salts when Mr. Baily admitted a couple of days later that he had reached Paris on a train, wearing his track suit under his raincoat, and that he had merely run from the station to the exposition gates, and that it was all a joke and he didn't

give a hang about international friendship. And for our part, we wish old P. T. Barnum were still alive, so that he could organize a new Barnum & Bail(e)y Circus.

"WE can hope and have faith that a spiritual resurgence will come in time to avert world disaster," says Dr. Charles Seymour, the new president of Yale. Hope, yes; we can all hope for that. But to have faith in it is something else.

IN India a man whose two sons had recovered from typhoid fever started out, in fulfillment of a vow of thanksgiving, to crawl 300 miles to the sacred city of Hardwar. Not only he but his sons; it seems he'd included them in the vow. So all three crawled and crawled through heat and dust, five miles a day, and on the seventh day the younger son died, and on the fifty-eighth day, only 10 miles from the sacred city, the elder died; and still the father crawled along and finally he made his touchdown.

And, reading this news, we leaned back and reflected on the things we do that are just about as reasonable as that crawling. Much of everybody's life is an irrational crawl, a painful plodding towards a demented goal. The nature of the obsession varies with the environment. If we were a Hindu we might crawl toward Hardwar; being what we are, we dig our way around to the nineteenth hole.

BECAUSE of lack of space on dance floors, Georgians are compressing the Big Apple into a substitute dance, the Little Peach. At least that's the Georgians' explanation. But hasn't the Big Apple been exploited by apple-growing interests? And isn't Georgia a less-than-mediocre apple state but a prodigious peach state, its peach crop a dozen times as valuable as its apples?

It's only 28 days to Christmas, and if you don't think our solemn weekly warnings have had any effect, neither do we; but just the same the Gentleman on the News Desk picked up his ringing telephone one morning about a week before Thanksgiving, and it was his wife calling to find out what he wanted for Christmas.

IN Paris, during the trial of the comical Col. de la Rocque's libel suit against Count Pozzo di Borgo, one of the witnesses was the comical royalist editor, Leon Daudet, and he was a highly excited witness, too, shouting "liar" till he got nosebleed. We've often observed that shouting "liar" is an effective way to get nosebleed—and a black eye for good measure.

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BUSINESS WEEK

The Journal of Business News and Interpretation

NOVEMBER 27, 1937

Being Kind to Business

Most of the news from Washington nowadays is constructive and reassuring. This magazine, particularly, finds comfort in a three-column headline in the New York *Herald Tribune* last Sunday: "'Be Kind to Business Week' Finds Congress in an Unexpected Mood." The Washington dispatch beneath this headline began with a pithy comment on the opening week of Congress: "Times have changed in Washington. In Congress these first days of the special session have been nicknamed 'Be Kind to Business Week.'"

But the magazine of that name, though welcoming this kindness, feels no special need for it, and perceives no reason why it should be preferred above the rest of the business world. It thinks that what is imperatively necessary is kindness to business as a whole. Even more, what business needs is justice. For justice is a rule of reason, not caprice. Justice implies certainty. And that is what business needs more than anything else.

President Roosevelt is hardly contributing to this end when he suddenly asks the Federal Trade Commission to make an "immediate investigation" of reports that a sharp increase in the cost of living is "attributable in part to monopolistic practices and other unwholesome methods of competition." To strike such a threatening note now is neither just nor kind. Far from sharply increasing in the past few weeks, the cost of living may have dropped. Commodities have been dropping for two months, and the cost of living merely rose from 89.4 in September to 89.5 in October, according to the index of the National Industrial Conference Board. The November figure may easily be lower.

If an investigation were desirable, it should have been ordered some time ago, before the break in the stock market and the noticeable recession in business. But the President did not order it then. He orders it now. And one does not need to be very suspicious to conjecture that the investigation is largely intended as an "alibi." Its purpose is to make the alleged monopolies the scapegoat for the recession.

Prices have risen since 1933, and the main cause is certainly the President's own policies. It was not high prices he worried about in 1933, but

low prices. We will get them up, he told the country; we will get them up in one way or another, but get them up we will. Well, get them up he did. But in doing so he started something that is not easy to stop. Should business shoulder the blame?

It was not business that devalued the dollar, raised taxes, and applied a policy of scarcity to farm products, thus raising prices. True, business did cooperate in raising wages and shortening hours, the effect of which has been to raise prices; but the President insisted on that, and is now pushing the price-raising wages-and-hours bill.

If trade practices in some industries have raised prices, they were largely caused by the NRA codes, and their persistence has been encouraged by the price-raising policy that Mr. Roosevelt followed for four years. And this year he approved the Miller-Tydings resale price-fixing bill, one of the greatest boosts price-raising ever received. He approved it when prices were rising and business was good; but now, when prices are falling and business is bad, he pounds prices and "monopolies." If he wanted a campaign of that kind, he should have begun it some time ago. This is hardly the time for fierce crusades and hot condemnations.

Sitting Down at The Wrong Time

The recent new wave of sitdown strikes in General Motors gave convincing evidence that this form of lawlessness is still a serious danger to industry. In the big strike last winter, General Motors was almost pathetically patient. It finally yielded to important union demands because it recognized that it had an economic as well as a civic responsibility. It made the first large concessions that the Committee for Industrial Organ-

ization received from any of our greatest corporations. But the treatment General Motors received in return has been shameful.

Since the strike was theoretically settled, there have been more than 200 sitdown strikes. The recent one in the Fisher Body plant at Pontiac even exasperated Gov. Murphy, whose pro-labor sympathies are obvious. He threatened to use troops to clear the plants. Perhaps he would have done so, but the reason the sitdowners finally moved out was that their top officers told them they should not go on a sitdown when business is bad. Presumably when business is good, a sitdown is all right.

Trade as an Antidote To Dictators' Evil

A British-American reciprocal trade treaty is finally on the way, and the consequences may be of the highest importance to all the world. For the treaty is intended not only to foster trade but to avert war.

It was more than a coincidence that Sec. Hull and Premier Chamberlain made their announcements suddenly on the day before Lord Halifax's visit to Hitler. The purpose was to reveal that Britain was not helpless before the menace of the dictator governments. The British Empire can build up its peacetime trade and acquire a large reserve of supplies for war use. The British-American trade treaty will also entail a revision of the Canadian-American treaty, as well as new arrangements with Australia and other parts of the Empire. Further, the Oslo bloc—comprising the four Scandinavian countries plus Holland and Belgium—may harmonize their trade policies with those of the British Empire and the United States. Thus all these nations can enlarge their trade, improve their prosperity, and show the world that there is an alternative to the war-making policies of the dictators. In time, it is hoped, other countries will join this informal league of peace and prosperity.

In any case, the United States can congratulate itself on having made a start towards enlarging its own trade and that of its two best customers, Great Britain and Canada.

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